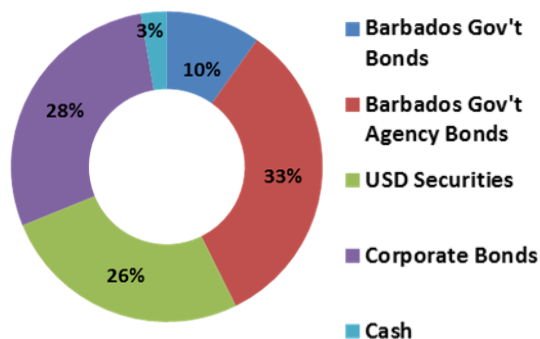


Sept Net Asset Value:	\$1.6197
Assets:	\$26.1M
Inception:	Dec-08

Performance:

	Fund	Benchmark*
1 Month	0.20%	0.375%
3 Month	1.29%	1.13%
1 Yr	3.95%	4.5%
5 Yr	27.20%	24.62%

Allocation:



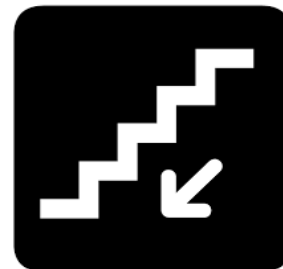
Top Holdings:

RF BAHAMAS USD TARGETED INCOME FUND
NEEDHAM'S POINT HOLDINGS 6.75% 2021
N.S.R. LIMITED 5% 2029 BOND
B'DOS AGRICULTURAL MGMT 6.5% 2019 BOND
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.

Down, down, down it goes, where it stops no one knows

S&P has once again downgraded Barbados' sovereign credit rating, this time moving the rating by one notch to CCC. The negative outlook was justified by the same un-addressed issues that we've all heard a thousand times: *high general government debt, deficits, and debt servicing requirements; limited appetite for private-sector financing; and a low level of international reserves raising the risk to sustainability of the peg to the U.S. dollar.*



As you might expect, we maintain a cautious position with respect to GOB investments, resulting in a higher level of cash within our portfolio in recent times as older issues matured. Despite this, the fund reported a Q3 return of 1.29% and twelve month return of 3.95%.



We have been able to add three new corporate issues to our portfolio over the year, which has improved the diversification within the fund and we remain confident that we will see more of these in the year head, allowing us to further diversify.

further diversify.

As bank deposit rates continue to head south, the fund provides a reasonable alternative to people searching for a return on their money. Time is a huge factor in building wealth and the sooner you get started, the better. Whatever you do, don't do nothing! ♦

Royal Fidelity Merchant Bank & Trust

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