

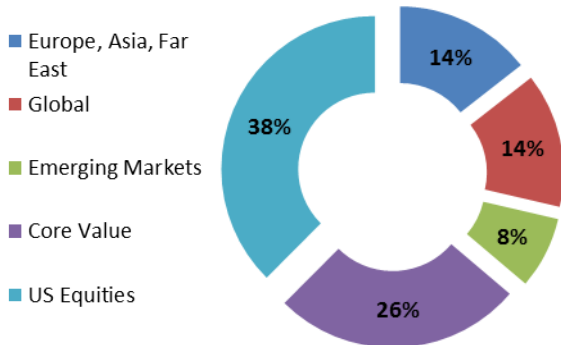
Mar Net Asset Value:	\$11.2965
Assets:	\$10.27M
Inception:	May-08

Performance:

	Fund	Benchmark*
1 Month	-2.23%	-2.44%
3 Month	-0.58%	-1.48%
1 Yr	10.27%	12.60%
3 Yr	14.41%	18.99%
5 Yr	27.02%	40.38%

* MSCI All Country World Index (MXWD)

Allocation:



Top Holdings:

ISHARES RUSSELL 1000 FUND	20%
VANGUARD TOTAL STK MKT ETF	18%
OAM EUROPEAN VALUE FUND	13%
OAM ASIAN RECOVERY FUND	13%
ISHARES MSCI EAFE INDEX FUND	8%

The International Equities Sub Fund is a sub fund of the Royal Fidelity (Bahamas) umbrella investment fund and allocates substantially all of its assets in the USD International Opportunities Fund. 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.

Trade talk sours promising start for global equities

Global trade proved to be a pretty important subject in the first quarter of the new year.

In fact, the mere suggestion of a potential trade war between the US and China sent equity investors scurrying for cover during the quarter. The S&P 500—which had registered a clear positive gain of 5.62% in January—turned right around and gave it all back (and more) in February (-3.89%) and March (-2.69%) to end the quarter down -1.22%.

(Ironically, the main indicator of US business confidence levels reached the highest mark recorded in several decades in March.)

And because misery loves company (or something like that!), other equity indicators followed suit across the globe: Eurostoxx 50 -4.07% for the quarter, MSCI Europe, Asia and Far East (EAFE) -0.90%, the Nikkei -5.76%.

Emerging Markets equities were one of the few areas to register positive performance, despite taking a beating in February (-5.90%). The MSCI Emerging Markets Index gained 2.46% for the quarter.

Fund performance over the same period was slightly down (-0.58%), following last year's blistering return of 15.83%. Yet, the recent extreme level of downside market volatility has not really been felt for some time. (Last year, in fact, US equities posted 12 straight monthly gains, something not done since 1958!)

Nonetheless, current pricey US equity levels has prompted us to begin to pare the fund's long-standing 40% allocation in favor of the fund's core value positions focused on Europe and Asia.

In the meantime, we're hopeful that all this trade war talk quickly and quietly transforms into a simple careless whisper! □



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