

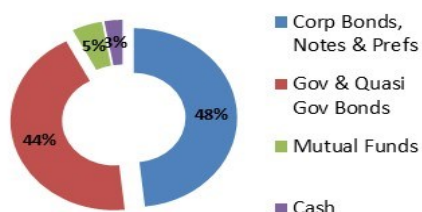
Mar Net Asset Value:	\$6.6812
Assets:	\$176.44M
Inception:	Nov-12

Performance:

	Fund	Benchmark*
1 Month	0.47%	0.35%
3 Month	1.31%	1.06%
1 Yr	4.63%	4.25%
3 Yr Ave Ann	4.63%	4.38%

* Bahamas Prime Rate

Allocation:



Top Holdings:

CABLE BAHAMAS PREF SHARES 6.25%	15%
NAD PARTICIPATING DEBT NOTES 7.5%	14%
BE ALIV FIXED RATE NOTES 8.5%	7%
BE ALIV SERIES 1 PREF SHARES 8.0%	7%
CABLE BAHAMAS PREF SHARES 5.75%	6%

The Prime Income Fund is a sub fund of the Bahamas Opportunities umbrella investment fund, which began in November 2012. Performance shown is for Series 1, or retail, shares, which may differ from other Series offered in the 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.

Game Changer

Investors in bonds issued by the Government of The Bahamas (BGRS) need to appreciate the anticipated impact of these bonds being listed on BISX before the end of 2019.

Currently BGRS effectively trade at par regardless of the coupon rate or term to maturity. This will change once the BGRS are listed and trading in the secondary market sets the market price. That said, it is realistic to expect that mechanisms will be established on BISX, including minimum trading volumes and maximum daily price changes, to avoid "extreme" price movements.

The latest bond offering included 3, 5 and 7 years bonds offering interest rates of 2.79%, 3.29% and 3.89% respectively. Currently there are numerous BGRS maturing in 2022 (3 years), 2024 (5 years) and 2026 (7 years) paying interest rates significantly higher than the rates offered above. In such cases, the new bonds and the old bonds should not trade at the same price. The yields should be the same and bond prices should increase/decrease accordingly. Taking into account the latest bonds have lower rates, it is expected that the older, higher rate bonds will be able to be sold at a premium.

Another factor that investors need to consider is the discrepancy between yields on USD and BSD bonds issued by the Commonwealth of The Bahamas. As the Investment Currency Market offered by the Central Bank becomes more efficient, these discrepancies should reduce. The price changes needed to affect this will be on BSD bonds as Bahamian investors now have the ability to increase their holdings in USD Bahamian government bonds.

Royal Fidelity Merchant Bank & Trust

East Hill Street
PO Box N 4853
Nassau, Bahamas
(242) 603-6000

www.royalfidelity.com
info@royalfidelity.com