Premium Income

Q1 2020
Issue 30

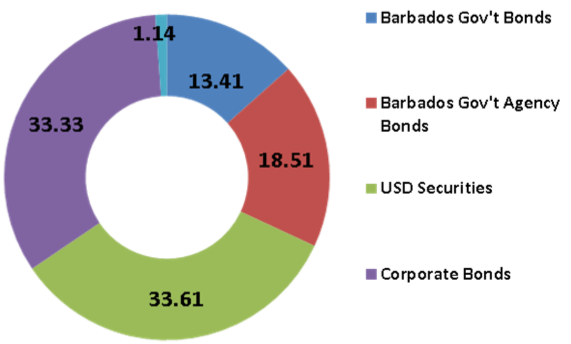
Mar Net Asset Value:	$1.6299
Assets:	$22.03M
Inception:	Dec–08

Performance:

	Fund	Benchmark*
1 Month	-0.32%	0.375%
3 Month	0.92%	1.13%
1 Yr	6.15%	4.5%
5 Yr	12.58%	24.62%

*4.5% flat rate

Allocation:



Top Holdings:

RF BAHAMAS USD TARGETED INCOME FUND
NEEDHAM'S POINT HOLDINGS 6.75% 2021
N.S.R. LIMITED 5% 2029 BOND
WILLIAMS INDUSTRY 5.25% 2023 BOND
GOV'T OF BARBADOS SERIES D 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.

Recession by Pandemic

Coverage of the COVID-19 pandemic (COVID-19) dominates mainstream media and social media. The constant flow of statistics and analysis is required to make informed decisions, but can be overwhelming at times. Well, as with all analysis one needs to step back and see the big picture.

Unfortunately we have a global recession on our hands the likes of which we haven't seen since the great depression over 90 years ago. While the event that triggers a recession is unique, the factor that usually determines its scale, leverage, is not.

The great recession of 2008-2009 was a function of excessive consumer leverage exacerbated by poor mortgage lending practices and flawed CDO investment products. Since then, the US consumer has significantly delevered and the current recession is more a function of corporate leverage.

According to Morgan Stanley, with the US consumer accounting for 70 percent of the economy and the banking sector unimpaired, this recession may end up being much less disruptive than 2008-2009.

The unprecedented fiscal response to COVID-19 is expected to stimulate inflation as economies recover. With inflation expected to increase, investors need to factor in increasing interest rate risk into their investment strategies. This can be done by purchasing debt instruments linked to inflation and also reducing duration.

The fund was able to record a positive return of 0.92% for Q1 2020❑

Royal Fidelity Merchant Bank & Trust
27 Pine Road
St. Michael
Barbados
(246) 435-1955

www.royalfidelity.com
info@royalfidelity.com