ROYAL FIDELITY

Targeted Income Fund (USD)

Q1 2020
Issue 31

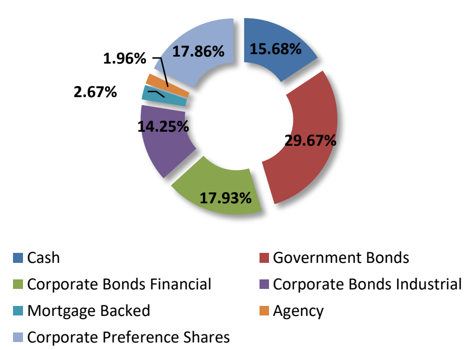
Mar. Net Asset Value:	$12.8399
Assets:	$10.57M
Inception:	Nov-11

Performance:

	Fund	Benchmark*
1 Month	-0.32%	1.08%
3 Month	1.56%	4.05%
1 Yr	5.55%	8.11%
5 Yr Ann Ave	4.04%	2.85%

* *Bloomberg Barclays Intermediate A+ U.S. Government/Credit Total Return Bond Index*

Allocation:



Top Holdings:

U.S. CORPORATE BONDS	32.2%
U.S. TREASURIES	29.7%
CORPORATE PREFERENCE SHARES	17.9%
CASH	15.7%
MORTGAGE BACKED SECURITIES	2.7%

The High Yield Income Fund is a sub fund of the Royal Fidelity (Bahamas) International umbrella investment fund and invests substantially all of its assets into the USD Targeted Income Fund. The allocation shown is subject to change without notice and at the discretion of the investment manager. The Bloomberg Barclays Emerging Markets USD Sovereign Bond Index tracks fixed and floating-rate US dollar-denominated debt issued by EM governments.

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.

Royal Fidelity Merchant Bank & Trust
East Hill Street
PO Box N 4853
Nassau, Bahamas
(242) 603-6000

www.royalfidelity.com
info@royalfidelity.com