

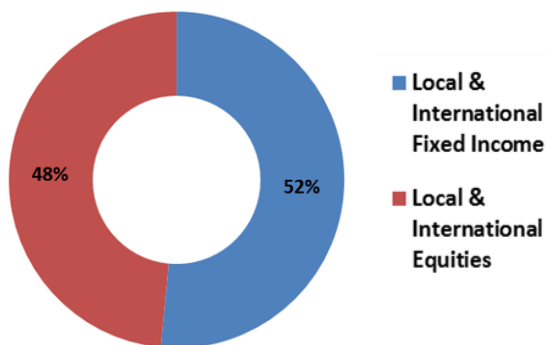
|                       |          |
|-----------------------|----------|
| June Net Asset Value: | \$5.3413 |
| Assets:               | \$29.23M |
| Inception:            | Aug-86   |

**Performance:**

|         | Fund   | Benchmark* |
|---------|--------|------------|
| 1 Month | -0.44% | 0.458%     |
| 3 Month | -0.99% | 1.374%     |
| 1 Yr    | 2.62%  | 5.5%       |
| 5 Yr    | 14.83% | 30.69%     |

\* Annual rate of return, 5.5%

**Allocation:**



**Top Holdings:**

|                                       |
|---------------------------------------|
| RF BAHAMAS INT'L OPPS USD EQUITY FUND |
| RF BAHAMAS USD TARGETED INCOME FUND   |
| NEEDHAM'S POINT HOLDINGS 6.75% 2021   |
| N.S.R. LIMITED 5% 2029 BOND           |
| B'DOS AG MGMT 6.5% 2019 BOND          |

*The Select Balanced 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.*

# “Credit event” becomes reality

And . . . it finally happened. The “credit event” we had feared some time ago has come to pass.

The Government suspended all payments on foreign debt while continuing to pay only local interest payments until a restructuring exercise is completed. IMF support is being negotiated alongside the restructuring program.

Since this announcement USD Government Bonds have been trading around 55 cents on the dollar, while local government bonds were subject to a cease trade order, albeit a temporary one.

Overseas, it was hard to figure out where to turn for direction amid the ubiquitous exploits (and tweets) of the US President, a brewing global trade war with China, and Europe’s ongoing Brexit/immigration/Italian elections coalition saga. Against that backdrop, however, US retail sales grew and unemployment dropped to 3.8%, the lowest level since 1969.

The S&P 500 posted a YTD return of nearly 3%. And strong economic signals led the US Fed to raise rates again in June. (In fact, US market gauges—such as the Russell 1000, the S&P 500 and the Vanguard Total Stock Market ETF—are the only major global indicators we track that have posted positive returns year-to-date.) On the flip side, USD-denominated fixed income securities will continue to be impacted by an increase in USD interest rates, and have already been dented by the Fed’s actions thus far.

The fund reported a loss of .99% for Q2 2018 and a 2.62% return for the past 12 months. ◆



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