ROYAL FIDELITY
Money at Work

High Yield Income Fund

Q2 2019
Issue 27

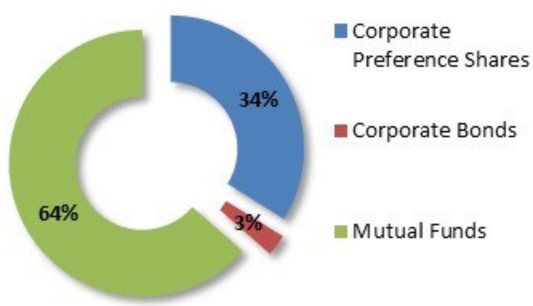
Jun Net Asset Value:	$12.14
Assets:	$13.27M
Inception:	Nov-13

Performance:

	Fund	Benchmark*
1 Month	0.80%	3.90%
3 Month	1.93%	4.48%
1 Yr	4.17%	12.29%
3 Yr Ann Ave	3.09%	4.91%

** Bloomberg Barclays Emerging Market USD Sovereign Bond Index*

Allocation:



Top Holdings:

FIDELITY BANK (CAYMAN) 7.75% PREFS	14%
CABLE BAHAMAS SERIES 8 6.25% PREFS	10%
CABLE BAHAMAS SERIES 10 6.75% PREFS	6%
NCB FINANCIAL GROUP 7.00% BONDS	3%
FRESH BLENDS LTD. SERIES A 8.00%	2%

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.

Negative...Yes Negative Yields

The slide in economic data is eroding investor confidence and global interest rates are plunging as investors looking for ways to preserve capital.

The Federal Reserve's recent rate cut pushed total debt with sub-zero yields over the $14 trillion mark. Globally, nearly 26% of all investment grade debt has negative yields.

Investments that investors previously looked to for wealth preservation are now eroding wealth. In fact, the entire yield curve of Germany is near negative territory.

Investors with access to the global debt markets have assessed the risk/return profiles of issuers and for many of them negative yields on low risk issuers are optimal. These investors feel that accepting negative yields from issuers like Switzerland and Germany are preferential to positive yields from riskier issuers. This is also a reflection on exchange rate expectations.

Is the market pricing bonds for slow growth and deflation? Negative yields could be more destructive if inflation were to ramp-up.

Gold has rallied roughly 10% in the last month and the price of gold is usually inversely related to real interest rates. The increase in the demand for gold and securities linked to gold may indicate that investors are beginning to shift their investment objective to capital preservation until we have greater visibility of future economic activity.

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