



Select Balanced Fund

Q3 2020
Issue 32

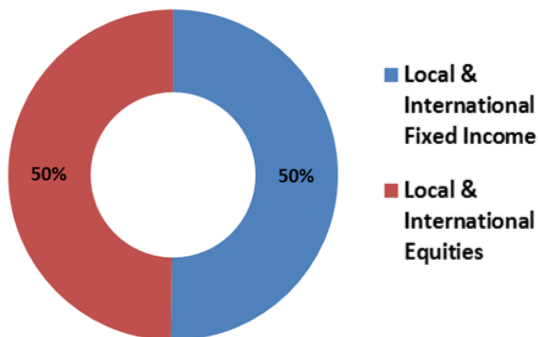
Sep Net Asset Value:	\$5.4132
Assets:	\$26.84M
Inception:	Aug-86

Performance:

	Fund	Benchmark*
1 Month	-0.90%	0.458%
3 Month	-0.04%	1.374%
1 Yr	-0.12%	5.5%
5 Yr	15.81%	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
GODDARD'S ENTERPRISES LIMITED

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.

Volatility to continue

In September the risks connected with the resurgence of Covid-19 and the uncertainty around the US election resulted in hard currency outflows from emerging markets as the markets appetite for risk decreased. Meanwhile, US market returns declined to breakeven levels in treasuries, corporates and mortgage backed securities.

The pandemic had a direct impact on one of the fund's holdings as Needham's Point Holdings Ltd, owners of the local Hilton property, defaulted on their July coupon payment. The value of the holding was therefore written down at the end of August pending a restructuring of the bond.

In Q1 the MSCI All Country World Index (MXWD) plunged 21.74%. This was followed by a sharp appreciation of 10.58% in April. Since then the MXWD has appreciated every month until September. The strong recovery of global equity markets during the worst pandemic in our lifetime, was driven by the unprecedented (in peace time) fiscal and monetary stimulus.

Locally trading on the exchange remains bleak as total value traded on the market up to Sept 2020 was just over \$5M BBD in equities with the majority of shares having traded during the months of February and March. The only securities to advance on the exchange were Almond Resorts, Wibsico and Barbados Farms.

According to the Global Investment Committee of Morgan Stanley, the US equity markets are expected to remain range bound through mid-2021. On the other hand, they have an overweight rating on non-US equities. Fortunately, the fund has exposure to these markets and while we expect the Fund's performance to slow, we still expect single digit growth over this period.

In our view, the economic recovery from Covid-19 will take time and will include some volatility. The economy of China has already fully recovered and will be the key impetus for growth while the G7 economies recover in 2021.

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