

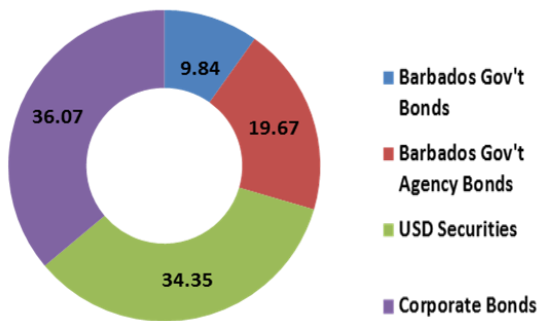
<b>Dec Net Asset Value:</b>	\$1.5095
<b>Assets:</b>	\$22.31M
<b>Inception:</b>	Dec-08

**Performance:**

	<b>Fund</b>	<b>Benchmark*</b>
<b>1 Month</b>	0.67%	0.375%
<b>3 Month</b>	-1.51%	1.13%
<b>1 Yr</b>	-6.87%	4.5%
<b>5 Yr</b>	11.12%	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.*

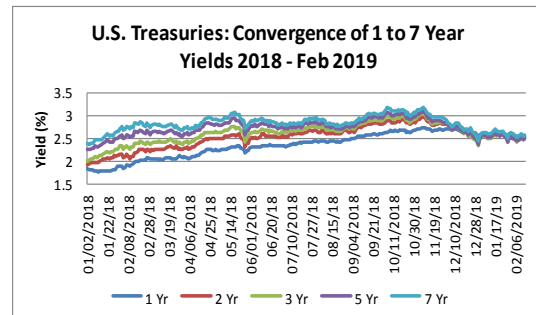
**Improved outlook for 2019**

The local debt exchange announced in June has now been completed and with the old bonds no longer outstanding Standard & Poor's (S&P) raised its long and short term local currency ratings for Barbados from selective default (SD/SD) to B-/B. S&P also assigned a B- local currency issue rating on the domestic debt issued. Unfortunately for holders of USD denominated securities the negotiations continue, these however represented a small percentage of the Government's outstanding debt.

The fund ended the quarter with a loss of 1.51% and a year loss of 6.87% which is attributed to this restructuring exercise. We expect now that the one off impairment was recognized that the fund would see positive returns going forward.

With the restructure out of the way the Government can now turn its attention to other methods of reducing expenditures likely through a reduction in subsidies and wages. The government announced its ambitious target of obtaining a primary surplus of 6% of GDP beginning F2019/20, and a reduction of the debt to GDP ratio to 60% by 2033, this can only be achieved through drastic measures.

Beyond our shores, the US yield curve flattened in late 2018 and over the 1 to 7 year range has inverted slightly. It is not surprising that the Fed has stated it will be "patient" on rate hikes. This is a material change from the market expectation of two to three Fed rate hikes in 2019 and improves the Fund's outlook in 2019. □



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