



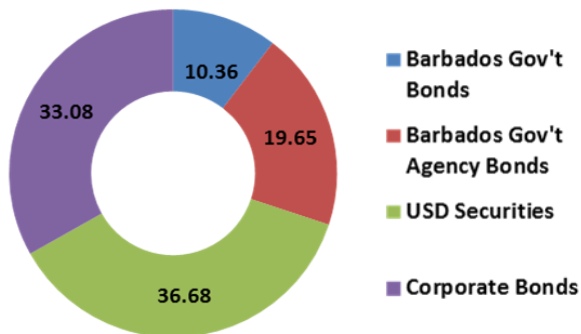
Dec Net Asset Value:	\$1.615
Assets:	\$22.03M
Inception:	Dec-08

Performance:

	Fund	Benchmark*
1 Month	0.60%	0.375%
3 Month	1.81%	1.13%
1 Yr	6.99%	4.5%
5 Yr	13.72%	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.

New bonds start to trade

For the latter half of 2019 the newly reissued Government of Barbados bonds started to see upward revaluations, this was more aggressively noted on the Series B than on the Series D. Of interest is that the bonds have begun to trade on the local stock exchange, and while slow at first we expect more trading of these securities in the new year. As the government continues its payments on these securities the prices will continue to trend upward as there are less cashflows to discount.

The table below details Morgan Stanley's forecast for US bonds yields as at mid-year and year-end 2020.

US T-Bonds Yield Forecasts

Maturity	Two-Yr.	Five-Yr.	10-Yr.	30-Yr.
31/12/2019	1.58%	1.68%	1.90%	2.34%
2Q2020	1.65%	1.80%	2.00%	2.50%
4Q2020	1.55%	1.60%	1.75%	2.25%

During the first half of 2020 they see yield yields increasing across the entire yield curve, but decreasing across the entire yield curve during the second half of 2020. If these forecasts are realized, then we should see prices of most fixed USD bonds decreasing slightly during the first half of 2020, but then increasing during the second half.

We don't expect the strong returns of the fixed income markets in 2019 to be duplicated. Investors should expect returns more in-line with the long-term performance of the Fund.

A number of geopolitical risks such as US election volatility, increased cyber warfare, Middle-East conflict focused around Iran, and further trade conflicts beyond the US/China conflict, may play a material role in determining actual bond yields in 2020. We are happy to report that the fund ended the year 2019 with a return of 6.99% ahead of its benchmark. □

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