

**ROYAL FIDELITY
PRIME INCOME FUND
(Class C Shares)**

*A sub fund of the Royal Fidelity Bahamas Opportunities Fund Limited, a Bahamas Limited Liability Company
governed by the Investment Funds Act 2003 and by the Companies Act of The Bahamas 1992*

**SUPPLEMENTAL
OFFERING MEMORANDUM
Continuous Offering**

SPONSOR

ROYAL FIDELITY MERCHANT BANK & TRUST LIMITED

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Revised: September, 2016

ROYAL FIDELITY PRIME INCOME FUND (Class C Shares)

This Supplemental Offering Memorandum sets out the details of the Royal Fidelity Prime Income Fund (the “Fund”), which is a separate class of Shares constituting a Sub Fund of Royal Fidelity Bahamas Opportunities Fund Limited (the “Fund”). This Sub Fund information is supplemental to the updated Offering Memorandum dated November 2012 and revised September 2016 for the Fund (the “Offering Memorandum”), which contains important information for investors and must be read in conjunction with the Offering Memorandum. All capitalized terms used but not defined herein have the same meanings that are assigned to such terms in the Offering Memorandum.

SUMMARY

Base Currency:	The base currency for the Fund is the Bahamian Dollar (“B\$”). The Net Asset Value of the Fund shall be determined in its base currency.
B\$ and \$:	Bahamian Dollar.
Benchmark:	As set by the Directors from time to time. It is currently the Bahamian Dollar Prime Rate.
Class C Shares:	Non-voting, redeemable, participating shares representing rights to benefit in the capital and assets attributable to Class C Shares of the Royal Fidelity Bahamas Opportunities Fund Limited.
Series C1 Shares	Shares for retail distribution
Series C2 Shares	Shares for institutional distribution
Series C3 Shares	Shares for pension distribution
Series C4 Shares	Shares with income payout component
Fees and Expenses:	The Fund will pay a proportionate share of the Royal Fidelity Bahamas Opportunities Fund Limited management, legal, audit and other expenses, but will directly pay any fees related to the operation of the Fund.
Investment Objective:	The investment objective of the Fund is to seek a steady rate of return and preservation of capital through allocation to Bahamian Dollar fixed income securities such as government bonds, corporate bonds, and corporate preference shares. See “Investment Objectives and Policies”.
Investment Manager:	Royal Fidelity Merchant Bank & Trust Limited (“Royal Fidelity”) has been appointed as Investment Manager for the Fund, and is responsible for the overall management of the Fund’s assets. Based in Nassau, Bahamas, Royal Fidelity is a joint venture between Royal Bank of Canada and Fidelity Bank & Trust International Limited and manages more than \$600 million in assets for retail, institutional, and pension clients.

Royal Fidelity is regulated by the Securities Commission and the

Central Bank of The Bahamas, and is authorized to deal, arrange, advise, and manage securities in the local market.

Royal Fidelity has been involved in Bahamian capital markets transactions, IPOs and other market-making activities since 1996, and in 2011 acted as advisor and lead placement agent for one of the largest Bahamian public share offerings to date.

Administrator: Royal Fidelity has been appointed as Administrator for the Fund and is responsible for the calculation of the Net Asset Value and acting as the Fund's registrar and share transfer agent.

Administration Fee: The Administrator will be paid a fee as consideration for administering the Fund and expenses incurred in maintaining the Fund's office (the "Administration Fee"). This fee will be paid by the Investment Manager out of the Management Fee.

The Registrar and Transfer costs shall be paid by the Investment Manager out of the Management Fee. Disbursements related to Registrar and Transfer activities are charged separately.

Custodian: The Fund has appointed Fidelity Bank (Bahamas) Limited as custodian for Fund assets. The Custodian will hold the investments of the Fund in safe custody.

Custody Fee: The Custodian will receive quarterly in advance an amount equal to 1/10 of one percent (0.10 %) per annum of the Net Asset Value of the Fund calculated on the last Valuation Day of the relevant month and subject to a minimum of \$5,000.00 per annum and a maximum amount of \$15,000.00 per annum. This fee will be charged separately from the Management fee.

Investment Restrictions: The Fund has broad powers as to the type of investments it may make and the investment methods it may adopt to achieve its investment objectives, however it may not:

- a) invest more than 25% of the Fund's net assets in the securities of any one issuer although it may exceed this limit by no more than 10% on a temporary basis to take into account timing of offerings and liquidity limitations of the Bahamian securities market
- b) invest in more than 20% of the outstanding voting securities of any issuer;
- c) make investments for the purpose of exercising control or management; or
- d) borrow an amount greater than 20% of the Fund's total net asset value.

In addition to the foregoing, the Directors may from time to time impose such further investment restrictions as shall be compatible with or in the interest of the Shareholders, in order to comply with the laws and regulations of The Bahamas.

Listing: The Class C, Series 1 shares are listed on The Bahamas International Securities Exchange ("BISX").

Management Fee: The Investment Manager is entitled to receive monthly in arrears a management fee of 1% per annum of the Net Asset Value of the Series C1 and C4 Shares, 0.65% per annum of the Net Asset Value of the Series C2 Shares of the Fund, 0.55% per annum of the Net Asset Value of the Series C3 Shares, calculated on each Valuation Day.

From this fee, the Investment Manager will pay the Administrator.

Income Payout Service Fee: Series C4 shareholders will incur an additional service charge of 0.25% per annum of the Net Asset Value to facilitate the twice-yearly payout of dividends and interest to shareholders.

Minimum Initial Investment: B\$1,000.00 (Series C1 and C3 Shares)
 B\$100,000.00 (Series C2 Shares)
 B\$5,000 (Series C4 Shares)

Additional Investment Minimum: Series C1, C3 B\$100
 Series C2 and C4 B\$1,000

The Directors reserve the right to accept amounts other than those shown above, at their absolute discretion.

Redemption Day: The last Business Day of each month.

Redemption Fees: Redemptions will incur a Declining Surrender Charge, subject to a minimum of \$50. The Surrender Charge constitutes a percentage of the amount redeemed at the next Redemption Day, according to the following schedule:

Redemption within	Class C1, C2 & C4	Class C3
0-24 months	2.0%	n/a
25-36 months	1.5%	n/a
37-48 months	1.0%	n/a
49-60 months	0.5%	n/a

Sales Commission: The Fund may apply an initial Sales Commission of up to 1% on subscriptions to Series C1 and C4 Shares and 0.50% on subscriptions to Series C2 Shares. No Sales Commission will apply to Series C3 Shares. The Sales Commission may be changed by agreement between the Manager and the relevant Sales Agent(s).

Series: The Class C Shares of the Fund are divided into four series of shares: Series C1 for retail distribution; Series C2 for institutional distribution; Series C3 for pension distribution; Series C4 for investors seeking an income payout component.

Share(s): Class C Shares of the Fund.

Sub Fund: A separate sub fund that is managed separately and distinguished mainly by its specific asset classes or specific investment objectives and policies, which may differ from other sub funds within the overall umbrella fund.

Subscriptions: Shares of the Royal Fidelity Prime Income Fund will be offered at an amount equal to the Net Asset Value per Share calculated on each Valuation Day.

INVESTMENT OBJECTIVES AND POLICIES

The Royal Fidelity Prime Income Fund seeks a high and stable rate of return in excess of its Benchmark, together with long-term preservation of capital. The Investment Manager will be responsible for managing the assets of the portfolio on a daily basis.

The Investment Manager may use various investment techniques to hedge a portion of the Fund's risks, but there is no guarantee that these strategies will work as the Investment Manager intends. Also, as an investment fund, the Fund seeks to spread investment risk by diversifying its holdings among a number of companies and industries.

The Investment Manager invests the Fund's capital into a diversified portfolio of Bahamian Dollar fixed income instruments, in a risk-controlled manner consistent with the Fund's objectives and within limitations of securities available. The Fund invests substantially all of its assets into the Prime Income Trading Company, an investment vehicle specifically established to make investments on behalf of the fund.

The Investment Manager will implement the Fund's investment objective by investing in short-term, medium-term and long-term fixed income securities, including but not limited to, government issued bonds, government agency bonds, corporate bonds, preference shares, fixed deposits, mortgage-backed bonds and similar financial instruments. During times of low or declining global interest rates, the Fund will maintain a defensive stance to preserve capital by investing in shorter-term duration fixed income securities.

INVESTMENT MANAGER

Under an investment management agreement, dated 2 November, 2012 the Fund has appointed Royal Fidelity Merchant Bank & Trust Limited to serve as the Fund's Investment Manager. The Investment Manager is the parent company of the Royal Fidelity Group.

The Investment Manager currently provides investment advice to a range of pension funds, institutional and high net worth clients in identifying and analyzing investment opportunities. It is experienced in developing investment strategies and optimal investment allocations that are consistent with the client's risk profile.

The Investment Manager will perform the following functions, subject to overall supervision of the Directors, for the Fund:

- implement the investment objectives and policies to be employed for the Fund's portfolio;
- identify and analyse potential investments on a continuing basis;
- select and purchase investments for the fund;
- monitor the performance of each investment and maintain appropriate records, and
- sell investments held by the fund when deemed appropriate.

The Fund may change or sub-contract the Investment Manager functions without notice to the Shareholders.

SUBSCRIPTIONS AND REDEMPTIONS

The subscription and redemption price per share is the official Net Asset Value per share on the relevant Valuation Date.

Shares are issued and redeemed in accordance with the terms and conditions set out in the Fund's Memorandum.

For redemptions of \$1 million or more, the Fund reserves the right to honour redemption requests in such a manner as to minimize the negative effect of large redemptions on existing shareholders, including establishing a time-table for their execution.

In such cases, redemption requests will be accepted on a first-come, first-served basis. In addition, in times of extreme market volatility, the Directors may, at their discretion and upon advice received from the Investment Manager, suspend redemptions of Shares for such periods of time as it deems appropriate.

RISK FACTORS

Potential investors in the Fund should carefully read the provisions of the Offering Memorandum entitled "Risk Factors" which detail the Risk Factors associated with investing in the Fund generally as well as the following risks particular to the Fund:

Debt securities: Issuers, in order to borrow money from investors, use bonds and other debt instruments. The issuer generally pays the investor a fixed or floating rate of interest, and must repay the amount borrowed at maturity. Debt securities have varying levels of sensitivity to changes in interest rates and degrees of credit quality. In general, prices of these securities rise when market interest rates fall and fall when market interest rates rise.

Asset-backed securities: Asset-backed securities include interests in pools of debt securities, commercial or consumer loans and mortgages, or other receivables. The value of these securities depends on many factors, including changes in interest rates, the availability of information concerning the pool and its structure, the credit quality of the underlying assets, the market's perception of the securities of the pool, and any credit enhancement provided.

Other instruments: Other instruments may include securities of closed-end investment companies and real estate related instruments, which could be subject to varying levels of illiquidity depending on market circumstances.

Cash management: The Fund may invest in money market securities, money market funds, or short-term fixed deposit accounts available only to funds and accounts managed by the Investment Manager or affiliates, whose goal is to seek a high level of current income while maintaining a stable share price. A major change in interest rates or a default on the money market fund's investments could cause its share price to change.

Diversification: Diversifying a mutual fund's investment portfolio may reduce the risks of investing. This may include limiting the amount of money invested in any single issuer or, on a broader scale, in any single industry within reason and with consideration given to the relative illiquidity of the Bahamian markets.

Borrowing: The Fund may borrow from banks or from other entities advised by the Investment Manager, or through reverse repurchase agreements. If the Fund borrows money, its Share price may be subject to greater fluctuation until the borrowing is paid off. If the Fund makes additional investments while borrowings are outstanding, this may be considered a form of leverage.

Interest Rate Sensitivity: Fixed income securities have varying levels of sensitivity to changes in interest rates. In general, the price of a fixed income security will fall when interest rates rise and will rise when interest rates fall. Securities with longer maturities may be more sensitive to interest rate changes. Short-term securities tend to react less to changes in short-term interest rates.

Illiquid investments: The Fund may hold investments, which, due to their particular characteristics, are substantially less liquid and more difficult to value than other investments. As a consequence, the Fund may encounter significant delays when attempting to realize such assets during which the price of such assets may move materially.

Suspensions of Trading: Securities exchanges typically have the right to suspend or limit trading in any security listed on the exchange. A suspension would render it impossible to liquidate positions and could thereby expose the Fund to losses.

Conflicts of Interest. There may be a potential conflict of interest between the interests of the shareholders and the business interests and activities of Royal Fidelity. Among other reasons, these potential conflicts may result from Royal Fidelity's investment activities on behalf of its other clients. Additionally, securities syndicated by Royal Fidelity's corporate finance team, and securities of affiliates, may be purchased for mutual fund portfolios.

Notwithstanding the foregoing, the Investment Manager shall not enter into any such transaction on behalf of the Fund that is not at least as favorable to the Fund as could have been obtained in a transaction between the Fund and an unrelated third party freely negotiating a purchase or sale.

The Fund and Royal Fidelity have common officers and directors.

Prospective investors should assume that Royal Fidelity may have a conflict of interest, and upon submission of a duly completed subscription form, such investors agree not to assert any claim against Royal Fidelity nor the Fund arising in connection with any conflict of interest experienced by Royal Fidelity, whether or not specifically set forth above.

THE FOREGOING LIST OF RISK FACTORS DOES NOT PURPORT TO BE A COMPLETE ENUMERATION OR EXPLANATION OF THE RISKS INVOLVED IN AN INVESTMENT IN THE FUND. PROSPECTIVE INVESTORS SHOULD READ THE OFFERING MEMORANDUM AND THIS SUPPLEMENTAL OFFERING MEMORANDUM AND CONSULT WITH THEIR OWN ADVISORS BEFORE INVESTING.