

ROYAL FIDELITY
SECURE BALANCED FUND
(Class B 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, 1992 of The Bahamas*

SUPPLEMENTAL
OFFERING MEMORANDUM
Continuous Offering

SPONSOR

ROYAL FIDELITY MERCHANT BANK & TRUST LIMITED

Initial Publication: November, 2012
Revised: September, 2016

ROYAL FIDELITY SECURE BALANCED FUND (Class B Shares)

This Supplemental Offering Memorandum sets out the details of the Royal Fidelity Secure Balanced 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 of the Fund is the Bahamian Dollar. 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 set at a 60/40 split between the Bahamian Dollar Prime Rate and the BISX All Share Index.
Class B Shares:	Non-voting, redeemable, participating shares representing rights to benefit in the capital and assets attributable to Class B Shares of the Royal Fidelity Bahamas Opportunities Fund Limited.
Series B1 Shares	Shares for retail distribution
Series B2 Shares	Shares for institutional distribution
Series B3 Shares	Shares for pension distribution
Fees and Expenses:	The Royal Fidelity Secure Balanced Fund will pay a proportionate share of the Fund's management, legal, audit and all other expenses. The Fund will pay its direct management and associated fees.
Investment Objective:	The investment objective of the Royal Fidelity Secure Balanced Fund is to seek a high total return on investment through exposure to Bahamian Dollar equity securities, money market instruments, mutual funds, Bahamas Government bonds, corporate bonds, and corporate preferred shares. Please 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 Merchant Bank & Trust Limited 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 will be paid by the Fund.

Investment Restrictions: The Royal Fidelity Secure Balanced Fund has broad powers as to the type of investments it may make and the investment methods it may adopt, 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 Royal Fidelity Secure Balanced Fund's total assets.

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 B, 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 1.25% per annum of the Net Asset Value of the Series B1 Shares, 1.00% per annum of the Net Asset Value of the Series B2 Shares of the Fund and .85% per annum of the Net Asset Value of the Series B3 Shares, calculated on each Valuation Day.

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

Minimum Initial Investment: B\$1,000.00 (Series B1 Shares)
B\$100,000.00 (Series B2 Shares)

B\$1,000.00 (Series B3 Shares)

Additional Investment Minimum: Series B1 B\$500.00
Series B2 B\$1,000
Series B3 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 (DSC), 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 B1 & B2	Class B3
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 2% on subscriptions to Series B1 and B2 Shares. No Sales Commission will apply to Series B3 Shares. The Sales Commission may be changed by agreement between the Investment Manager and the relevant Sales Agent(s).

Series: The Class B Shares of the Fund are divided into three series of shares: Series B1 for retail distribution; Series B2 for institutional distribution; and Series B3 for pension distribution.

Shares: Class B Fund Shares.

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 Secure Balanced 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 Fund seeks to provide investors with the long-term growth potential of local equities coupled with a steady rate of fixed return and preservation of capital through allocation to local fixed income securities. The Fund will attempt to achieve this objective primarily through a balanced allocation to the equity portfolio of Targeted Equity Trading Company Limited and the fixed income portfolio of Prime Income Trading Company Limited.

Although the Investment Manager intends to maintain this allocation policy for the foreseeable future, it reserves the right to add other securities that, in the view of the Investment Manager, would reduce risk or enhance the overall return within the stated investment parameters of the Fund.

Notwithstanding the foregoing, the diversification of the Funds' investments, including the allocation between equity and fixed income securities, and corporate and government issues may be varied from time to time by the Investment Manager in its sole discretion, subject to the investment policy designed to ensure risk diversification.

INVESTMENT MANAGER

Under an investment management agreement, dated November 2, 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.

SUBSCRIPTIONS AND REDEMPTIONS

The subscription and redemption price per share is the official Net Asset Value 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 Royal Fidelity Secure Balanced 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 Royal Fidelity Secure Balanced Fund:

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 realise such assets, during which the price of such assets may move materially.

Illiquidity of Overall Market: It may not always be possible for the Fund to execute a buy or a sell order in the local market at the desired price, or to liquidate an open position due to general illiquidity of the local Bahamian market and relative scarcity of new issues.

Interest rates: The Fund's underlying investments may include fixed income securities, whose value may change with the general level of interest rates. If interest rates fall, the value of existing fixed income securities will tend to rise, as their coupon rates would become more attractive to investors. If interest rates rise, however, the value will tend to fall. The degree of influence will depend on whether the bonds and other fixed income securities are of longer-term or shorter-term maturities and other considerations specific to the Bahamian capital markets.

Capital erosion: If the Fund entered a period where the markets fell substantially and did not recover for a significant period, the Fund's Net Asset Value would likely drop, in line with the overall market decline.

Fund of Funds: Should the underlying funds in which the Royal Fidelity Secure Balanced Fund is invested, place restrictions on the level or frequency of allowable redemptions, the Fund may experience a delay in receiving proceeds from redemptions. This could, in turn, affect the level of liquidity available to investors within the Royal Fidelity Secure Balanced Fund or the cost of providing that liquidity.

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 Royal Fidelity Secure Balanced Fund to losses.

Investment involves fluctuations in the price of assets, along with the potentially negative effect of taxes, exchange controls and other economic and political developments. There can be no assurances that the Royal Fidelity Secure Balanced Fund will be successful, or that its investment objectives will be attained, but the intent of the Investment Management will be to follow such policies as the environment in the future appears to dictate in order to meet these objectives.

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 ROYAL FIDELITY SECURE BALANCED FUND. PROSPECTIVE INVESTORS SHOULD READ THE MEMORANDUM AND THIS SUPPLEMENTAL MEMORANDUM AND CONSULT WITH THEIR OWN FINANCIAL ADVISOR OR ATTORNEY-AT-LAW BEFORE INVESTING.