

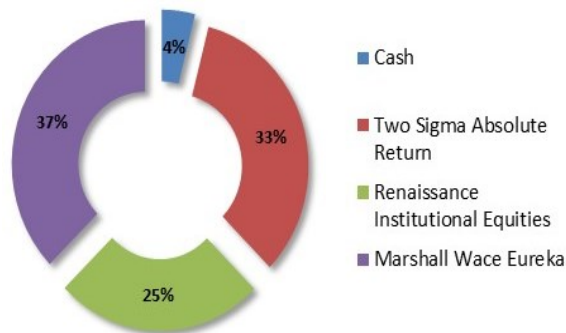
Dec Net Asset Value:	\$10.412
Assets:	\$5.12M
Inception:	Jul-14

Performance:

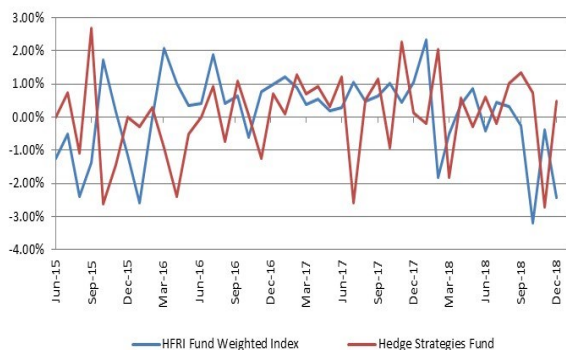
	Fund	Benchmark*
1 Month	0.49%	-2.41%
3 Month	-1.50%	-5.86%
1 Yr	1.54%	-4.60%

* HFRI Fund Weighted Comp Index

Allocation:



Volatility:



The Hedge Strategies Fund is a sub fund of the Royal Fidelity International umbrella investment fund. Performance shown above is for Class D1 shares. The graph above compares actual fund performance for the month shown versus the benchmark, and may not correspond with the other performance data shown due to underlying NAV reporting delays. 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.

Looking to 2019

The Fund outperformed the benchmark in every category again this quarter. The Fund is intended to provide investors with upside during up markets and limited downside during down markets. In the end, the Fund's performance should be more stable than the global equity markets. Given the sharp declines in the global equity markets in the 4Q and December, the Fund performed as expected.

In early 2019 global equity markets have exceeded expectations supported to some extent by the Fed deciding to 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.

According to Morgan Stanley, the key factors to consider in 2019 are:

- Earnings growth in international economies should exceed the US;
- The Japanese and European market valuations look too compelling versus the US to ignore;
- Focus on value stocks versus growth stocks;
- In the bond and credit markets, focus on shorter-duration bonds.

Morgan Stanley's base case as at 31 December 2018 for global equity markets in 2019 is noted in the table below.

Index	Base Case	Current Price	% Change
S&P 500	2,750	2,507	10%
MSCI Europe	1,540	1,405	10%
TOPIX	1,800	1,494	20%
MSCI Emg. Mkts	1,050	966	9%

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