

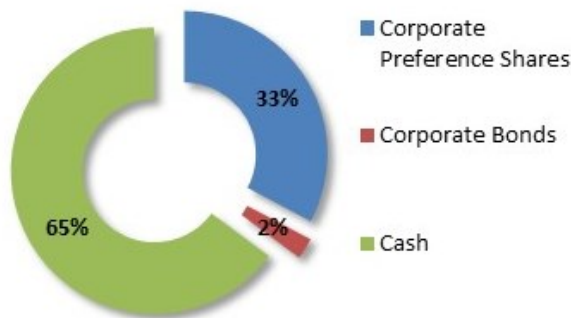
Dec Net Asset Value:	\$11.9291
Assets:	\$29.76M
Inception:	Nov-11

Performance:

	Fund	Benchmark*
1 Month	0.04%	1.49%
3 Month	0.17%	-0.75%
1 Yr	1.08%	-4.20%
3 Yr Ann Ave	3.10%	4.81%

* Bloomberg Barclays Emerging Market USD Sovereign Bond Index

Allocation:



Top Holdings:

FIDELITY BANK (CAYMAN) 7.75% PREFS	14%
CABLE BAHAMAS SERIES 8 6.25% PREFS	10%
CABLE BAHAMAS SERIES 10 6.75% PREFS	6%
NCB FINANCIAL GROUP 7.00% BONDS	3%
FRESH BLENDS LTD. SERIES A 8.00%	2%

The High Yield Income Fund is a sub fund of the Royal Fidelity (Bahamas) International umbrella investment fund and invests substantially all of its assets into the USD Targeted Income Fund. The allocation shown is subject to change without notice and at the discretion of the investment manager. The Bloomberg Barclays Emerging Markets USD Sovereign Bond Index tracks fixed and floating-rate US dollar-denominated debt issued by EM governments.

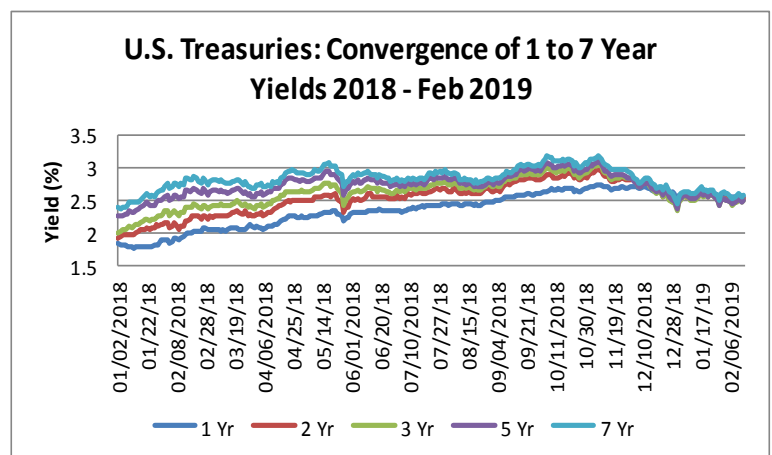
Looking Forward - More Active Management

In late December the Targeted Income Fund (the “Fund”) decided to implement a more active versus passive investment strategy. In order to facilitate this strategy approximately 65% of the portfolio was sold for reallocation. Thus the large cash position as at quarter end. This cash will be invested in early 2019 as opportunities present themselves. The primary investment market will be the US, with smaller positions in developed markets and the emerging market space.

Within the corporate preference shares category, the Fund maintained its exposure to the Cayman Islands, Jamaica and The Bahamas. The risk/return profile of these issuers remains attractive.

The Fund outperformed the benchmark by 5.28% in 2018, despite the relative underperformance in December. The active investment management strategy that will be implemented in 2019 is expected to generate alpha for investors versus the benchmark.

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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