ROYAL FIDELITY

Pension

International Fixed Income Fund

Q3 2019
Issue 19

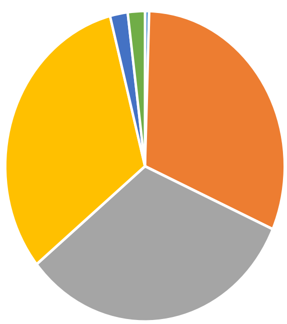
Dec Net Asset Value:	$1.1542
Assets:	$457K
Inception:	April-15

Performance:

	Fund	Benchmark*
1 Month	-0.04%	-0.30%
3 Month	1.24%	0.11%
1 Yr	4.76%	10.10%
3 Yr Ann Ave	2.96%	3.70%

** Bloomberg Barclays Emerging Market USD Sovereign Bond Index*

Allocation:



Top Holdings:

U.S. TREASURIES	31%
U.S. CORPORATE	30%
FIDELITY BANK CAYMAN 7.75% PREFS	10%
CABLE BAHAMAS SERIES 8 6.25% PREFS	6%
CABLE BAHAMAS SERIES 10 6.75% PREFS	3%

The International Fixed Income Fund is a pension-only pool of assets that invests in the USD Targeted Income Fund. Performance shown does not include any fees associated with the administration of a pension plan and may differ from other shares offered in the fund as a result of different fee structures. The asset allocation shown is subject to change without notice and at the discretion of the investment manager, subject to any restrictions outlined in the fund's offering documents. Past performance doesn't guarantee future success.

General Market Commentary

The world, especially Europe, is experiencing an economic slowdown, with Germany and Switzerland probably already in recession. With this backdrop, it is not surprising that the U.S. economy continues to slow and recessionary risk is growing. During the third quarter, sixteen central banks lowered interest rates, including the U.S. Federal Reserve. One notable standout was Canada which keep its benchmark rate unchanged. Time will tell whether the Bank of Canada's crystal ball is clearer.

It is estimated that over $15 trillion in bonds have negative yields around the globe. Given such low interest rates, the relative attractiveness of equities has increased. In 2019 through September the S&P 500 is up over 20%, but in the 3Q it gained only 1.7%.

Historically, every time there has been a sustained inversion of the three-month versus ten-year Treasury yield curve a recession has followed with varying lag times.

Challenges for the U.S. economy include the ongoing trade war with China, the global economic slowdown, the strong U.S. dollar, and Washington's preoccupation over impeachment.

Prior to the "Great Recession", the U.S. savings rate was just above 2%, but now it is near 8% or early 1990s levels. This is good news for households, but not for the consumer spending driven U.S. economy. Granted, financially stable households is a positive for long-term social and economic stability.

Royal Fidelity Merchant Bank & Trust
Providence House, East Hill Street
PO Box N 4853
Nassau, Bahamas
(242) 603-6000

www.royalfidelity.com
info@royalfidelity.com