

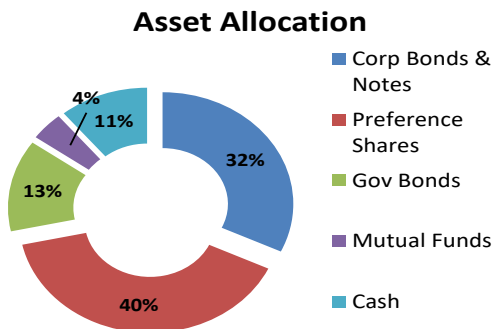
Sept. Net Asset Value:	\$1.9047
Assets:	\$15.66M
Inception:	Nov-12

Performance:

	Fund	Benchmark*
1 Month	0.75%	0.35%
3 Month	1.58%	1.06%
1 Yr	6.06%	4.25%
3 Yr Ave Ann	5.49%	4.38%

* Bahamas Prime Rate

Allocation:



Top Holdings:

CABLE BAHAMAS PREF SHARES 6.25%	12.3%
NAD PARTICIPATING DEBT NOTES 7.5%	11.6%
BE ALIV FIXED RATE NOTES 8.5%	5.8%
BE ALIV SERIES 1 PREF SHARES 8.0%	5.8%
CABLE BAHAMAS PREF SHARES 5.75%	4.5%

The Prime Income Fund is a sub fund of the Bahamas Opportunities umbrella investment fund, which began in November 2012. Performance shown is for Series 1, or retail, shares, which may differ from other Series offered in the fund. 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.

The Government Squeeze Play

The Plan was up 0.75% in September and up 1.58% in Q3. Over the last twelve months the Plan realized a strong 6.06% increase, and over the last three years has averaged 5.49% per annum. The Plan's direct exposure to government debt is only 13%.

The recovery of the local economy will depend on the success of the re-opening of the tourism industry. A material recovery will depend on the approval of Covid-19 vaccines and treatments.

Based on the opinion of infectious disease expert Dr. Anthony Fauci, we may have a safe and effective coronavirus vaccine by late December or early January. That said, he does not expect life to get back to "normal" until the end of 2021, at least.

Once the business community and foreign investors have greater visibility of this recovery, then a number of projects currently placed on hold should restart and new projects announced. Also, a number of companies will need to be recapitalized.

Last quarter we noted that all government bonds (GBRS) were listed on BISX. The Central Bank is also making a secondary market in GBRS and the rates they offer have been trending upward along the entire yield curve, and the curve is becoming steeper.

The Government's need for increased financing combined with increasing interest rates, will make raising capital in the private sector more expensive. The Government is squeezing or crowding out the private sector.

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