

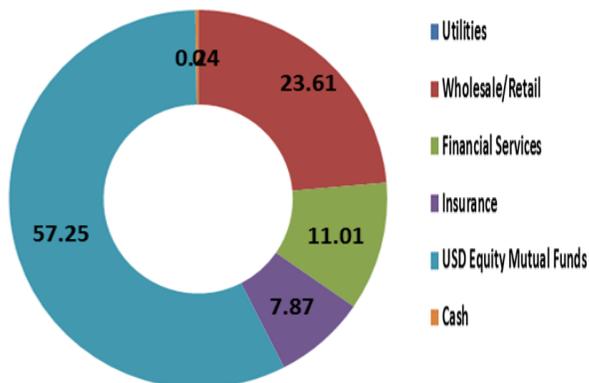
<b>Dec Net Asset Value:</b>	\$0.9738
<b>Assets:</b>	\$4.21M
<b>Inception:</b>	Dec 08

**Performance:**

	<b>Fund</b>	<b>Benchmark*</b>
<b>1 Month</b>	1.44%	0.542%
<b>3 Month</b>	-0.92%	1.625%
<b>1 Yr</b>	1.69%	6.5%
<b>5 Yr</b>	9.72%	37.0%

\* Annual rate of return, 6.5%

**Allocation:**



**Top Holdings:**

RF USD INT'L OPPORTUNITIES FUND
GODDARD ENTERPRISES LIMITED
FIRSTCARIBBEAN INTERNATIONAL
MASSY HOLDINGS LIMITED
RF USD HEDGE FUND

*The Strategic Growth Fund is a sub fund of the Royal Fidelity Investment Fund the umbrella company. 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.*

## Short-term Change for Future Gains

The 4Q of 2018 was a quarter to put behind us. The International markets experienced significant volatility; so much so that the Benchmark's December loss (-7.17%) was more than half its total 2018 loss (-11.18%).



Fortunately, Royal Fidelity (RF) was able to avoid the December loss within this portion of our portfolio by actively reallocating the majority of the fund's international holdings to cash.

Despite this the fund ended Q4 with a small loss of 0.92% and gained 1.69% of the year.

During Q4 we were able to deploy a large portion of the cash we held further diversifying the portfolio internationally this included increasing our exposure to our USD long/short hedge fund. The hedge fund is intended to provide investors with upside during up markets and limit downside during down markets. In the end, the Fund's performance should be more stable than the global equity markets.



As we look ahead for 2019 China is expected to be the key to global economic growth. Chinese economic growth slowed to 6.6% in 2018, the lowest since 1990, and fourth-quarter growth was only 6.2%. China accounts for 20% of global GDP and 27% of the world's manufacturing output, which make it the key player in global trade.

In 2017, 33.7% of US apparel imports came from China. Slowing global trade is felt in other exporting economies, like Germany. As the key economy in Europe, as Germany goes so does the European Union. Earnings growth in international economies should exceed the US; the Japanese and European market valuation also look compelling versus the US to and the focus would be on value stocks vs. growth stocks. ♦

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