



QUARTERLY NEWSLETTER – DECEMBER 2018

FUND PERFORMANCE

The quarter ended December 31, 2018, was a challenging period for all Fund Managers locally. Underscored by the effects of the Government of Barbados (“GoB”) debt exchange program, a slowdown in regional markets and the volatility of U.S. trade wars, local Funds had been impacted, some more than others.

During the period, the NAV of the Capital Growth Fund increased by 0.14% moving from \$1.4510 to \$1.4531, the Income Fund NAV’s increased by 3.24% moving from \$1.1860 to \$1.2244 and the Property Fund by 3.07% moving from \$0.8145 to \$0.8395, over the previous quarter. The moderate growth in the Income and Property Fund were as a result of favorable valuations in the fixed income securities on non-government instruments. The performance of the Capital Growth Fund was impacted by the year-end performance of the local and international equities in the portfolio.

Annual Cumulative returns - 2014 to 2018.

FUND	2014	2015	2016	2017	2018
Capital Growth Fund	5.02%	-0.09%	7.07%	0.17%	-10.00%
Income Fund	7.84%	5.96%	4.83%	2.52%	-20.84%
Property Fund	-6.41%	1.05%	-8.96%	-1.21%	-27.21%

Even though the Net Asset Values in all three Funds increased for the last quarter of 2018, the overall returns for the year 2018 declined. This was mainly due to the impact of the restructuring exercise.

ECONOMIC/MARKET REVIEW

During the quarter, the GoB completed its domestic debt-restructuring exercise, improved the previously dwindling foreign reserve levels and achieved an upgrade to its international credit rating by Standard and Poor’s. A recent report from the Central Bank indicated that at the end of 2018, foreign reserves were approximately \$1.05Bn or 13.5 weeks of import cover. The high levels of foreign reserves however were as a result of the suspension of principal and interest payments on foreign debt and the receipt of funds for project loans from international financial institutions, namely the IMF and CDB. Conversely, economic activity remained sluggish and declined overall by 0.6% for 2018. Achieving positive economic growth for Barbados will continue to be a challenge given recent growth forecasts in international source markets.

Even though trading on the Barbados Stock Exchange declined during the last quarter of 2018, the Cross-List, Composite and Local indices all recorded increases of 15.61%, 10.84% and 10.13% respectively for the year ended December 31st 2018. The Jamaican stock market was similar to Barbados, recording increases in all three indices. On the Trinidad Stock Market however, increases were only seen in the Cross-list and composite indices, while the All T&T recorded a decline. Trinidad also recorded declines in trading activity during 2018. The US stock market saw trade wars, mid-term elections and high volatility in 2018. At the end of the December 2018, the major indices were down from their positions in 2017.

FUND OUTLOOK

The GoB’s efforts to stem the deterioration of the Barbados economy augur well for the Funds, due to the high level of investment in this sector. It is anticipated that investor confidence will be improved as the GoB continues to execute on its economic recovery plan and a positive impact be realized by the Fund for 2019. Government will attempt to build on small economic gains achieved at the end of 2018, but private sector investment remains the key to improving economic activity and achieving economic growth. The Fund Manager remains optimistic as Barbados navigates through its path to full economic recovery.

Quarterly Updates:

1) The Directors of Republic Funds (Barbados) Inc., maintains the decision on the restriction of subscriptions to the Income Fund and limited redemptions to 20% of holdings per unit holder. 2) The 2018 Annual Report, Prospectus and Newsletter will be posted online.

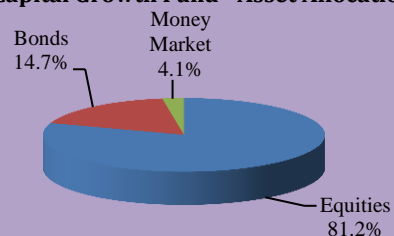


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Republic Capital Growth Fund

Dec-17	Mar-18	Jun-18	Sep-18	Dec-18
1.6145	1.5715	1.6227	1.4510	1.4531

Capital Growth Fund - Asset Allocation



Top Five Holdings

Rank	Company/Issuer	Security Type
1	Goddard Enterprises Ltd	Equity
2	Royal Bank of Canada	Equity
3	Insurance Corporation of Barbados	Equity
4	One Caribbean Media	Equity
5	Massy Holdings Ltd	Equity

Fund Size

\$8,561,485

Net Asset Value

\$1.4531

Minimum Initial Investment

\$500

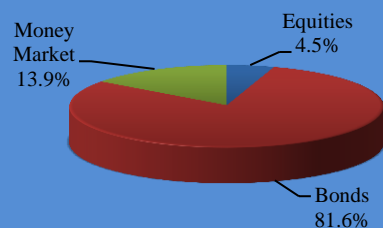
Subsequent Investment

\$100

Republic Income Fund

Dec-17	Mar-18	Jun-18	Sep-18	Dec-18
1.5971	1.5446	1.5577	1.1860	1.2244

Income Fund - Asset Allocation



Top Five Holdings

Rank	Company/Issuer	Security Type
1	Government of Barbados Series D Bond	Fixed Income
2	NSR Bond	Fixed Income
3	Barbados Port Inc.	Fixed Income
4	UWI - Clarendon Bond	Fixed Income
5	Goddard's Enterprises Ltd.	Equities

Fund Size

\$14,366,387

Net Asset Value

\$1.2244

Minimum Initial Investment

\$2,000

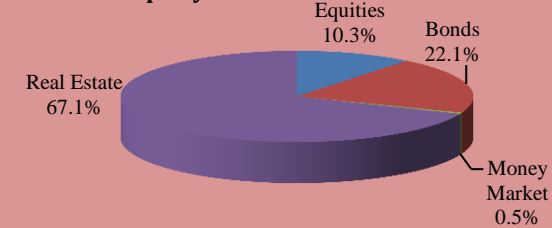
Subsequent Investment

\$500

Republic Property Fund

Dec-17	Mar-18	Jun-18	Sep-18	Dec-18
1.1534	1.1406	1.1649	0.8145	0.8395

Property Fund - Asset Allocation



Top Five Holdings

Rank	Company/Issuer	Security Type
1	Heron Court Lot	Real Estate
2	Apes Hill Long Term Development	Real Estate
3	Government of Barbados Series D Bond	Fixed Income
4	Barbados Port Inc.	Fixed Income
5	One Caribbean Media	Equity

Fund Size

\$2,038,480

Net Asset Value

\$0.8395