



FUND PERFORMANCE

The year 2020 was a challenging year for the Republic Funds Inc. Family, with only the Republic Income Fund recording positive returns for 2020. Whilst the Republic Capital Growth and Property Fund performed better than in 2018 and 2019, both funds ended the year with negative returns as both funds were significantly impacted by the Covid-19 pandemic.

FUND	2016	2017	2018	2019	2020
Capital Growth Fund	7.07%	0.17%	-10.00%	-13.22%	-5.62%
Income Fund	4.83%	2.52%	-20.84%	-2.55%	6.11%
Property Fund	-8.96%	-1.21%	-27.21%	-16.91%	-3.28%

ECONOMIC REVIEW

There was a modest pick-up in tourist arrivals during the fourth quarter as airlift improved and more hotels reopened. However, this quarter combined with the second and third quarters, still registered a 90 percent fall in long-stay visitor arrivals which resulted in a 71 percent drop in arrivals for 2020. Similarly, the cruise sector saw a 64 percent reduction in passengers. Despite the execution of some public and private sector projects, the construction sector contracted by over 3 percent as the uncertainty created by the pandemic reduced new private sector investment, mainly in the tourism sector. Over the last three quarters of 2020, banks and non-bank financial institutions, implemented various types of payment moratoria to assist their customers and minimize the risk of default. Nonetheless, the non-performing loans ratio rose moderately and profitability declined in the face of increased provisions, weak credit demand and falling loan rates. Credit to the non-financial private sector by deposit-taking institutions fell by 1.5 percent from 2019, with most of the contraction in the banking sector. Deposits, on the other hand, rose by 5.4 percent. Commercial banks remained well capitalized and highly liquid. The Central Bank estimates that the economy contracted by 17.6 percent in 2020.

While the unemployment rate is not available, pressure on the rate would have eased in the fourth quarter with the reopening of hotels and tourism services. Price increases moderated somewhat with the 12-month average inflation rate to November at 3.5 percent compared to 3.6 percent for the same period in 2019. In early November, Barbados' long and short term credit ratings were affirmed at B-/B by Standard and Poor's, with the decision being attributed largely to the successful execution of the Barbados Economic Recovery and Transformation (BERT) programme. In December, Barbados received a US\$120 million loan from the Inter-American Development Bank (IDB) to help with the fallout from COVID-19. Increased borrowing, in tandem with a shrinking economy, resulted in the debt to GDP ratio climbing to 144 percent at the end of 2020 from 120 percent a year earlier. Gross international reserves continued its upward trajectory, ending the year at \$2,661.9 million, equivalent to 40 weeks of import cover.

FUND OUTLOOK

Fourth quarter surges in COVID-19 cases in both the United States and United Kingdom have prompted lockdowns, travel bans and more stringent requirements for travelers. Beyond pushing the recovery of these countries further into the future, these developments also delayed the much-anticipated recovery of tourism. A surge in domestic cases that began at year's end and the restrictive measures that followed, will further serve to delay the recovery of economic activity in Barbados. The first quarter of the new year will undoubtedly fall way short of expectations. Based on the international developments, the Central Bank lowered its 2021 growth forecast for Barbados from the range of 7–10 percent to below 5 percent. On a positive note, the significant accumulation of reserves will allow the country to continue to meet its external obligations on time. Interest rates are expected to remain low. Nonetheless, financial institutions will need to continue working with their clients, including providing new funding, where appropriate, to minimize the risk of default and help borrowers through these difficult circumstances.

Quarterly Updates:

1. A dividend of \$0.01 was paid to all Republic Income Fund shareholders on record as at December 31st 2020.
2. Updated Quarterly Newsletters and Annual Reports are now available online.
3. 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.



QUARTERLY NEWSLETTER – DECEMBER 31, 2020

Republic Capital Growth Fund

Dec-19	Mar-20	Jun-20	Sept-20	Dec-20
1.2481	1.2530	1.2474	1.2299	1.901

Capital Growth Fund - Asset Allocation



Top Five Holdings

Rank	Company/Issuer	Security Type
1	Royal Bank of Canada	Equity
2	Goddard Enterprises Ltd	Equity
3	Massy Holdings Inc.	Equity
4	Government of Barbados Series D Bond	Fixed Income
5	Ansa Mcal	Equity

Fund Size

\$ 6,804,895

Net Asset Value

\$1.1901

Minimum Initial Investment

\$500

Subsequent Investment

\$100

Republic Income Fund

Dec-19	Mar-20	Jun-20	Sept-20	Dec-20
1.1964	1.2053	1.2340	1.2497	1.2661

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 Enterprises Ltd.	Equities

Fund Size

\$13,947,397

Net Asset Value

\$1.2661

Minimum Initial Investment

\$2,000

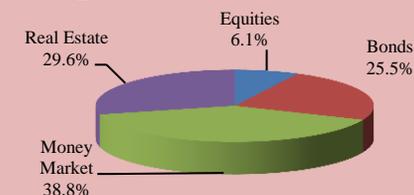
Subsequent Investment

\$500

Republic Property Fund

Dec-19	Mar-20	Jun-20	Sept-20	Dec-20
0.6989	0.6918	0.6929	0.6876	0.6746

Property Fund - Asset Allocation



Top Five Holdings

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

Fund Size

\$1,566,716

Net Asset Value

\$0.6746