

**QUARTERLY NEWSLETTER – MARCH 31, 2020****FUND PERFORMANCE**

The Net Asset Values (NAVS) of the Republic Capital Growth Fund and the Republic Property Fund recorded declines for the first quarter of 2020 whilst the Income Fund recorded a marginal increase mainly as a result of confidence in the local fixed income securities. The negative impacts of the Coronavirus (COVID-19) on regional and international equities eroded gains achieved earlier in the year for the Capital Growth and Property Fund. The following table highlights the cumulative annual returns from 2016 to 2020.

FUND	2016	2017	2018	2019	2020*
Capital Growth Fund	7.07%	0.17%	-10.00%	-13.22%	-0.63%
Income Fund	4.83%	2.52%	-20.84%	-2.55%	1.02%
Property Fund	-8.96%	-1.21%	-27.21%	-16.91%	-0.82%

* Returns for Quarter 1 2020

ECONOMIC REVIEW

The first quarter of 2020 began with high hopes for the recovery of the Barbados economy, as the government received encouraging reports from the International Monetary Fund (IMF) as well as positive indicators of improvements seen in the local economy. The IMF stated that Barbados was on target with its Extended Fund Facility (EFF) arrangements. With the 2019/2020 fiscal year drawing to a close at the end of March, government was on course to register a fiscal surplus of 3.7 percent of GDP compared to the 0.3 percent deficit the previous year. The country's debt was also moving in the right direction with gross public sector debt estimated at 118 percent of GDP at the end of March 2020, down from 125.5 percent of GDP in March 2019. Unfortunately, the first quarter also saw the spreading of the novel coronavirus, officially named COVID-19, to virtually every country on earth, including Barbados.

Barbados recorded its first case of the virus on March 17th. With international flights already being significantly curtailed as larger countries began restricting travel and closed their borders, flights to Barbados from major tourism markets ceased in the second half of March. Earlier cancelled bookings and the ensuing closure of hotels and restaurants led to a 16.2 percent decline in tourism sector activity in the first quarter. With people with both direct and indirect connections to this sector affected, the Barbados Central Bank reported that unemployment claims for March jumped to 7,793 from an average of 624 for January and February. While the imposition of an 8:00 pm to 6:00 am curfew from March 28th, would not have significantly contributed to this increase, because of its impact on business offering personal services such as hairdressers and gyms, unemployment claims would have undoubtedly shot up further in April. Overall economic activity in Barbados contracted by 3 percent in the first quarter. Notwithstanding this, gross international reserves increased by \$94 million, to \$1,575 million, equivalent to 19.4 weeks of import cover. During the period, activity in the financial sector was subdued. Nonetheless, profitability in the banking sector improved with a 12-month Return on Average Assets ratio of 1.8 percent, compared to 0.6 percent in December. Loan quality deteriorated slightly however, with the Non-Performing Loans ratio moving from 6.6 percent in December to 6.9 percent in March.

Regional stock markets generally performed poorly in the first quarter, with a few registering modest gains and most, significant losses. According to the BSE First Quarter Market Activity Report 2020, the Eastern Caribbean Stock Exchange's (ECSE) was the best performer with a 1.62 percent increase in its index, followed by the Barbados Stock Exchange (BSE) with a 0.46 percent increase in its composite index. The Bermuda Stock Exchange (BSX) registered the largest decline of 37.52 percent, followed by the Jamaica Stock Exchange (JSE) Market Index with a contraction of 25.63 percent. The Trinidad and Tobago Stock Exchange's (TTSE) Composite Index declined by 10.30 percent, while the Bahamas International Securities Exchange's (BISX) Index has the smallest contraction of 5.13 percent. The experience has been similar in the world's leading stock markets with several of them registering record low indices at times, during the quarter. The virtual cessation of international tourism and travel, along with the significant curtailment of business activity and stay-at-home orders implemented in most countries, have created an economic crisis more severe than the Global Financial Crisis of 2008/2009. With large numbers of business shut and record levels of unemployment now common in countries across the globe, governments have had to implement massive bailout plans to provide support to businesses and unemployed citizens.

FUND OUTLOOK

A country's recovery from the economic crisis triggered by the COVID-19 pandemic ultimately depends on if it is able to contain the spread of the virus within its borders, how long it takes to achieve containment, how effective it is at sustaining this containment, and how well the main countries it interacts and trades with, are doing at these same tasks. Consequently, at this time, no person or country or international body can say with any degree of certainty, how deep the recession will be and when and to what extent the recovery will take place. This country is a case in point. In early April, with a baseline scenario of relatively quick containment and a comparable recovery in tourism, the IMF as part of its global projections, had estimated that Barbados' economy would contract by 8 percent in 2020, with a 3 percent contraction in the global economy followed by a strong 5.8 percent rebound in 2021. In a May 12th release, the IMF cautioned that with the benefit of more time and data, its projections to be released in June are likely to be more pessimistic. Further, it must be stated that two of Barbados' major trading partners for goods and services, are among the countries where the virus is most rampant.

Still, Barbados is not alone in its difficulties and financial support is being coordinated by the various multi-lateral bodies. If the recession is indeed relatively short, there may be opportunities to purchase lower-priced securities and benefit from gains when the market recovers. However, now perhaps more than ever, the caveat, past performances are not indicative of future performance, holds true. The Republic Funds Inc. is hopeful that Barbados will make a full recovery and will continue to monitor the markets for opportunities to create greater gains for our mutual fund customers.

Quarterly Updates:

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.

Republic Capital Growth Fund

Mar-19	Jun-19	Sep-19	Dec-19	Mar-20
1.2829	1.3017	1.2560	1.2481	1.2530

Capital Growth Fund - Asset Allocation



Top Five Holdings

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

Fund Size

\$ 7,212,471

Net Asset Value

\$1.2530

Minimum Initial Investment

\$500

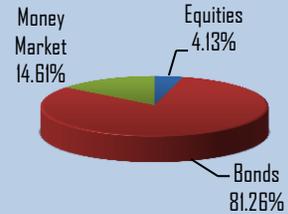
Subsequent Investment

\$100

Republic Income Fund

Mar-19	Jun-19	Sep-19	Dec-19	Mar-20
1.1956	1.2010	1.1924	1.1964	1.2053

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

\$13,504,197

Net Asset Value

\$1.2053

Minimum Initial Investment

\$2,000

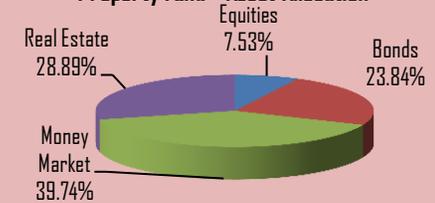
Subsequent Investment

\$500

Republic Property Fund

Mar-19	Jun-19	Sep-19	Dec-19	Mar-20
0.8379	0.8200	0.7007	0.6989	0.6918

Property Fund - Asset Allocation



Top Five Holdings

Rank	Company/Issuer	Security Type
1	Apes Hill Long Term 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

\$1,608,681

Net Asset Value

\$0.6918