



## FUND PERFORMANCE

For the quarter ending March 31 2021, the Republic Capital Growth Fund (RCGF) recorded a notable return of 4.05%, the Republic Property Fund (RPF) increased by 0.36%, whilst the Republic Income Fund (RIF) recorded a slight decline of 0.11%. All three funds recorded an increase in net assets as a result of favourable quarterly valuations of fixed income securities and a marginal rebound of equities in their respective portfolios. The decline in the RIF's NAV resulted from the dividend paid during the quarter. The following table highlights the cumulative annual returns from 2017 to 2020 and first quarter returns for 2021.

FUND	2017	2018	2019	2020	2021
Capital Growth Fund	0.17%	-10.00%	-13.22%	-5.62%	4.05%
Income Fund	2.52%	-20.84%	-2.55%	6.11%	-0.11%
Property Fund	-1.21%	-27.21%	-16.91%	-3.28%	0.36%

## ECONOMIC REVIEW

In early January 2021, the Caribbean Information and Credit Rating Services Limited (CariCRIS) reaffirmed Barbados' credit rating of CariBB for local currency and CariBB- for foreign currency with a stable outlook for the country's economy. However, the rating company cautioned that the rating could be lowered if import cover fell below 12 weeks, or if there were continued delays in the construction of tourism-related projects. As at December 31, 2020, the import cover stood at 40 weeks. An increase in COVID-19 cases that began in December intensified into a surge in the new-year. In response, the government implemented a national lockdown for virtually all of February (the National Pause) which resulted in the loss of an estimated \$150 million in economic activity. In some positive news, in late March, Prime Minister Mia Mottley, assured citizens that despite the pandemic's crippling effect on the economy, there would be no new taxes as she believed the country was able to recover without the need for increased taxation.

In this first quarter of 2021, Barbados was hit with significant and unexpected shocks. In January, tourism officials were left scrambling when the US joined Canada and the UK in requiring a negative COVID-19 test to enter their borders. By the end of the month, effective January 31<sup>st</sup>, Canada suspended all flights to and from the Caribbean and Mexico until April 30<sup>th</sup>. The National Pause in February was yet another blow to the tourism sector and the entire domestic economy. In the first quarter, tourism output fell by 96% compared to the same period in 2020, while overall economic activity fell by 19.8%. According to the Central Bank of Barbados' Review of the Economy January to March 2021, inflation, measured by a 12-month moving average to March, slowed to 2% compared to 5.2% a year earlier. Gross international reserves fell by \$86 million to \$2.6 billion in the first quarter. At the end of March 2021, the public debt stock outstanding was \$12,922 million equivalent to 153% of GDP, compared to \$12,380 million (117% of GDP) in March 2020. The unemployment rate for the October – December 2020 quarter was estimated at 13.6% compared to 8.9% for the same period in 2019, with an additional 6,000 people out of work.



Despite the higher risks from COVID-19, Barbados' financial system continues to be marked by high liquidity and well-capitalised institutions. The further build-up of liquidity during the quarter was largely due to the stimulus provided by the weaker fiscal stance and was reflected in modest deposit growth and a further reduction in credit to the private sector. Financial institutions continued to wind down their loan moratoria programmes and the non-performing loans of banks increased from 7.2% at the end of December 2020 to 7.9% at the end of March 2021.

## **FUND OUTLOOK**

The Central Bank expects that following the sharp contraction in economic activity last year, the economy will make a modest recovery of 1% to 3% growth in 2021. This forecast, which is significantly lower than what was envisaged at the end of 2020, reflects the impact of the shocks earlier this year, which lowered first-quarter economic activity much more than expected. The eventual output level of 2021 will largely be influenced by the country's ability to contain the spread of the virus and by the timing and pace of the resumption of activity in the tourism sector. The uncertainty about the speed of the recovery is likely to leave unemployment and under employment at elevated levels.

### **Quarterly Updates:**

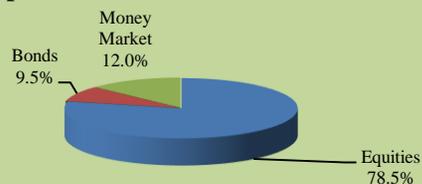
*In letter dated July 17, 2018, Republic Finance & Trust (Barbados) Corporation., Investment Manager of Republic Income Fund (the Fund) informed the Custodian and Shareholders that the Fund will immediately exercise the right to restrict redemptions to twenty percent (20%) of the shares held by each Shareholder of the Fund. The letter incorrectly stated that the approval of the Financial Services Commission (the FSC), the Fund Regulator, had been obtained. The imposition of the restriction on redemptions did not require the approval of the FSC, and therefore, the Fund did not seek or obtain regulatory approval for the 20% limit on shareholder redemptions.*

*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-20	Jun-20	Sept-20	Dec-20	Mar-21
1.2530	1.2474	1.2299	1.901	1.2384

**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	Insurance Corporation of Barbados	Equity

**Fund Size**

\$ 7,079,772

**Net Asset Value**

\$1.2384

**Minimum Initial Investment**

\$500

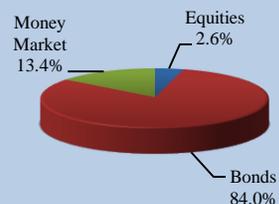
**Subsequent Investment**

\$100

**Republic Income Fund**

Mar-20	Jun-20	Sept-20	Dec-20	Mar-21
1.2053	1.2340	1.2497	1.2661	1.2646

**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**

\$13,955,594

**Net Asset Value**

\$1.2646

**Minimum Initial Investment**

\$2,000

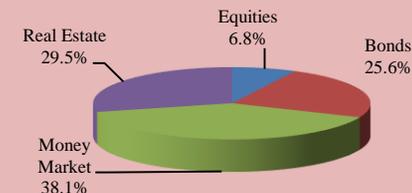
**Subsequent Investment**

\$500

**Republic Property Fund**

Mar-20	Jun-20	Sept-20	Dec-20	Mar-21
0.6918	0.6929	0.6876	0.6746	0.6771

**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**

\$1,571,585

**Net Asset Value**

\$0.6771