



FUND PERFORMANCE

Republic Family of Funds ended the year December 31st 2022 on a high, as two of its mutual funds were top performers in Barbados in their respective categories. The Republic Income Fund (RIF) recorded increases in both its Net asset Value (NAV) per share and Fund Size as a result of favorable quarterly valuations of the fixed income securities in its portfolio. Even though the Republic Capital Growth Fund (RCGF) recorded an increase in NAV per share for the last quarter of 2022, it ended the year with a negative return and was unable to match 2021 returns due to the volatility of the regional and international equities. The RCGF's 2022 performance is commendable when compared to that of its competitors. The Republic Property Fund once again recorded a negative return as a result of the performance of the equity in its portfolio. The following table highlights the cumulative annual returns from 2018-2022.

FUND	2018	2019	2020	2021	2022
Capital Growth Fund	-10.00%	-13.22%	-5.62%	14.73%	-1.29%
Income Fund	-20.84%	-2.55%	6.11%	-2.15%	6.91%
Property Fund	-27.21%	-16.91%	-3.28%	-1.71%	-1.91%

ECONOMIC REVIEW

On October 20th, Fitch Ratings assigned Barbados a Long-Term Foreign-Currency (FC) Issuer Default Rating (IDR) of 'B' with a Stable Rating Outlook. The country was also assigned a Short-Term IDR of 'B,' a Country Ceiling of 'B' and senior unsecured debt level of 'B.' The ratings balance Barbados' high GDP per capita and governance scores, a strengthened external liquidity position, and a more favourable debt repayment profile, against its vulnerability to external shocks due to its heavy reliance on tourism, high public debt levels and limited appetite for domestic debt from local commercial banks.

The country's tourism sector continued to gather momentum during the fourth quarter of 2022. Long-stay arrivals registered their strongest performance in the pandemic era with 139,713 visitors; a great improvement over the 81,609 for the same period in 2021, but just under 73% of the 2019 figure. This performance drove economic growth of 9.5% for the quarter. Visitors for 2022, at 442,576, more than tripled that of the previous year and represented 62% of the 712,946 arrivals of 2019. The United Kingdom continued to be the major source market, accounting for 40 % of long-stay arrivals. According to the Review of Barbados' Economic Performance for 2022, rising average length-of-stay made up, to some extent, for the lower arrivals compared to 2019, and lifted hotel occupancy to 91 % of the 2019 level.

The manufacturing sector grew by 3.4% in 2022 due to the recovery in tourism, increased domestic demand, and greater exports. Despite the higher cost of inputs such as feed and fertilisers, agricultural output grew by 1.2%, due largely to increased demand from the tourism sector as well as Government's food security initiatives. The strong growth in the tourism sector along with increasing domestic demand that accompanied the removal of pandemic-related restrictions,



positively impacted a number of sectors including wholesale and retail. Overall, Barbados' economy is estimated to have grown by 10% in 2022.

Labour market conditions improved steadily over the year, with the unemployment rate falling from 9% in the first quarter to 7.1% by the end of the third quarter, the lowest level since the last quarter of 2007. As employment prospects improved, the labour force participation rate increased to 63%, two percentage points higher than the average rate for 2021. Strong price increases in the first half of the year, moderated in the latter months. At the end of November, the 12-month moving average inflation rate stood at 8.5 %.

At the end of the year, total debt was approximately \$14,054.7 million or 123.8 % of GDP, compared to \$13,358.1 million or 137.9 % of GDP at end-2021. The lower debt-to-GDP ratio in 2022 despite the higher total debt value, is due to the significant increase in the value of output (nominal GDP) this year. Gross international reserves ended 2022 at \$2,771 million (29 weeks of import cover), down from \$3,058.8 million a year earlier.

The financial sector maintained a trend of low interest rates, high excess liquidity and high capital buffers during 2022. Residual loan moratoria programmes, first introduced in 2020 to limit the potential adverse impact of COVID-19, ended in October. The combined delinquency rate of banks and finance and trust companies fell to 6.9% from a peak of 9.2% during the post-COVID period. Loans to households increased, owing to new lending by credit unions and finance and trust companies. While new credit to households from the banking sector was up 10% over 2021, higher repayments eroded this growth, resulting in lower outstanding loan balances of households at these institutions for the period. According to the Central Bank, new mortgages issued by banks for private dwellings experienced modest growth. However, repayments on outstanding balances led to a small contraction in the banks' mortgage portfolio. Conversely, outstanding mortgage lending of credit unions grew by around 6% for the period, as more individuals continue to look to cooperatives for their borrowing needs.

FUND OUTLOOK

The global economy is expected to grow at a much slower rate in 2023 as a result of likely low growth, or even recession, in some major economies, due in part to the significant interest rate increases, implemented in an attempt to reduce inflation. The Barbados economy is expected to continue growing this year, albeit at a more moderate rate of 4 to 5%, as tourism sector growth is anticipated to be slower this year. The Investment manager will continue its search for lucrative investments to build the portfolio.

Quarterly Updates:

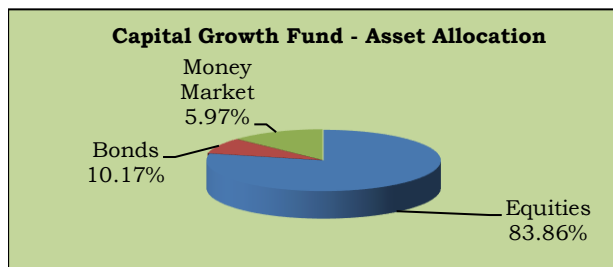
1. *The updated prospectus and newsletters can be reviewed using the following link: www.republicbarbados.com/publications*
2. *The Republic Funds Inc. 2022 Annual Report is available online at Republic Funds (Barbados) Inc. Annual Report 2022*
3. *An update from the prospective acquirer of the funds Victoria Mutual Investments Limited (VMIL) can be reviewed using the following link: https://vmil.myvmgroup.com/wp-content/uploads/2023/02/00067_VM_Investments-aims_for_continued_growth_in_2023_.pdf*



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Republic Capital Growth Fund

Dec-21	Mar-22	Jun-22	Sep-22	Dec-22
1.3654	1.4098	1.3679	1.3409	1.3479



Top Five Holdings

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

Fund Size

\$ 6,817,708

Net Asset Value

\$1.3479

Minimum Initial Investment

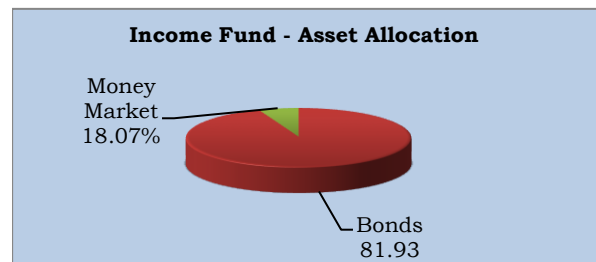
\$500

Subsequent Investment

\$100

Republic Income Fund

Dec-21	Mar-22	Jun-22	Sep-22	Dec-22
1.2388	1.2322	1.2546	1.2524	1.3245



Top Five Holdings

Rank	Company/Issuer	Security Type
1	Government of Barbados Series D Bond	Fixed Income
2	Barbados Port Inc.	Fixed Income
3	UWI - Clarendon Bond	Fixed Income

Fund Size

\$12,259,103

Net Asset Value

\$1.3245

Minimum Initial Investment

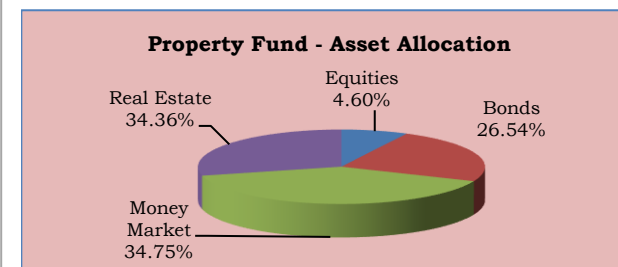
\$2,000

Subsequent Investment

\$500

Republic Property Fund

Dec-21	Mar-22	Jun-22	Sep-22	Dec-22
0.6631	0.6568	0.6541	0.6498	0.6504



Top Five Holdings

Rank	Company/Issuer	Security Type
1	Lot at 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

\$1,499,002

Net Asset Value

\$0.6504