



FUND PERFORMANCE

The Republic Family of Funds saw negligible improvements in returns for the quarter ended June 2023. Republic Capital Growth Fund (RCGF) recorded marginal increases in its Net asset Value (NAV) per share but a small decline in its Fund Size during the period under review. The Republic Income Fund (RIF) recorded increases in both the NAV per share and fund size at the quarter ended June 2023. Both increases were as a result of favorable quarterly valuations of the fixed income securities in its portfolio. The Republic Property Fund once again recorded a negative return in both its NAV and Fund Size. The decrease for the quarter was as a result of the decline in the market value of equities in the portfolio.

The following table highlights the cumulative annual returns from 2019-2023.

FUND	2019	2020	2021	2022	*2023
Capital Growth Fund	-13.22%	-5.62%	14.73%	-1.29%	2.28%
Income Fund	-2.55%	6.11%	-2.15%	6.91%	1.52%
Property Fund	-16.91%	-3.28%	-1.71%	-1.91%	-3.64%

*Returns for Q2 2023

ECONOMIC REVIEW

The Barbados economy has essentially recovered from the slump caused by the COVID pandemic. The economic output of \$2 billion in the first quarter of 2023 (Real GDP) is on par with that of the first quarter of 2019 (pre-Pandemic) and represents an 11% increase over the output of the same period in 2022. Tourism drove the expansion during the January – March period this year, with improved performances in all the major source markets. The 162,198 stay-over arrivals in the quarter more than doubled the 69,208 visitors of the same period in 2022, but still represented just 77.7% of the corresponding 2019 figure. While the United Kingdom continues to be the dominant source market, the arrivals figure benefitted from strong growth in Canadian and United States visitors as well.

Not surprisingly, the growth in tourism impacted other industries in Barbados’ economy. The manufacturing sector improved marginally in the first quarter, primarily because the vibrant tourism season and increased export demand, boosted production in the food & beverages category. Several segments of the non-traded sector benefitted as well, with wholesale and retail (6.8 %), business and other services (3 %) and construction (5.2 %) all growing in the quarter. Construction activity grew on account of continued work on several investment projects such as Wyndham, Indigo, the Crane Resort, Apes Hill Villas, the Sagicor Retirement Village, as well as Government’s ongoing Home Ownership Providing Energy (HOPE) and road rehabilitation projects. The agriculture sector was a notable exception, with output falling by 6.9 % in the quarter due to challenges presented by adverse weather conditions.

While the social compact with the private sector has helped to stabilise domestic prices, increased demand for dining and entertainment, along with shortages in locally produced food crops due to recent adverse weather conditions, created upward inflationary pressures. A rebasing exercise



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was recently conducted where the composition of the basket of goods used to determine the inflation rate was adjusted along with weights for the various categories. Prior to rebasing, the 12-month moving average of prices increased by 9.1% at the end of December 2022. With the rebasing, the 12-month moving average of prices increased by 5% at the end of 2022. The inflation rate was 5.6% in February 2023. The unemployment rate continued to decline, reaching 7.2% in December 2022. The country's debt-to-GDP ratio fell to 119.6% by the end of March 2023, while its gross international reserves stood at \$3.216 billion (34 weeks import cover), the highest on record and was due to the improved performance in tourism along with disbursements from multilateral development institutions to the public sector.

In June, the Executive Board of the International Monetary Fund (IMF) completed the first reviews of Barbados' performance within the Extended Fund Facility (EFF) and the Resilience and Sustainability Facility (RSF) arrangements. The successful completion of the reviews allows the government to access the equivalent of US\$19 million under each arrangement. Also in June, following a meeting with state and private sector officials, the Chief Executive Officer of IDB Invest, the private sector arm of the Inter-American Development Bank (IDB) Group, indicated that the group plans to invest US\$100 to US\$150 million a year into the Barbadian economy in areas such as infrastructure development, renewable energy, manufacturing, tourism-related projects, digitisation, agriculture, the blue economy and climate change mitigation.

FUND OUTLOOK

Globally, growth in economic activity has moderated somewhat in 2023. The IMF expects economic output to grow by 3% this year, down from 3.5% in 2022. Food and fuel prices have declined steadily from the highs reached in 2022, and supply chains have recovered to a significant extent, resulting in a reduction in shipping costs. Nonetheless, inflation, though declining, remains high, resulting in ongoing interest rate increases by the central banks of leading economies. Beyond the impact of rising interest rates on developing economies, the other downside risks are real. Planned production cuts, are expected to see oil prices rise in the second half of 2023 through to 2024. Further, Russia's withdrawal from the Black Sea Grain Initiative in mid-July could result in significant quantities of food from both Russia and Ukraine being cut off from international markets, leading to scarcity and higher prices.

The Barbados Central Bank expects the Barbados economy to register solid growth for 2023 in the region of 4 to 5% , due to the continued expansion in tourism and both private sector and public investments. Despite their serious nature, at this stage, the risks outlined are unlikely to significantly impact the country's economic growth this year.

Quarterly Updates:

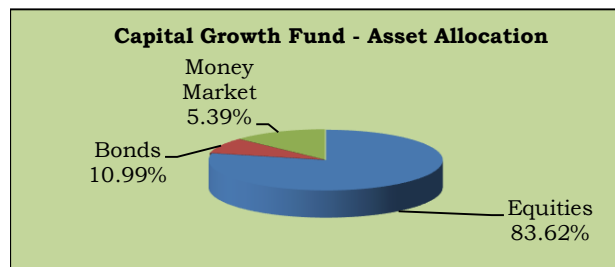
1. [The updated prospectus and newsletters can be reviewed using the following link: www.republicbarbados.com/publications](http://www.republicbarbados.com/publications)
2. [The Republic Funds Inc. 2022 Annual Report is available online at Republic Funds \(Barbados\) Inc. Annual Report 2022](#)
3. [Information from the prospective acquirer of the funds Victoria Mutual Investments Limited \(VMIL\) can be reviewed using the following links:](#)
 - [VM-Investments-Limited-Audited-Financial-Statements-31-December-2022-1.pdf](#)
 - [VMIL-Press-Release-Q4-2022](#)



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Republic Capital Growth Fund

Jun-22	Sep-22	Dec-22	Mar-23	Jun-23
1.3679	1.3409	1.3479	1.3727	1.3787



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

\$ 6,734,918

Net Asset Value

\$1.3787

Minimum Initial Investment

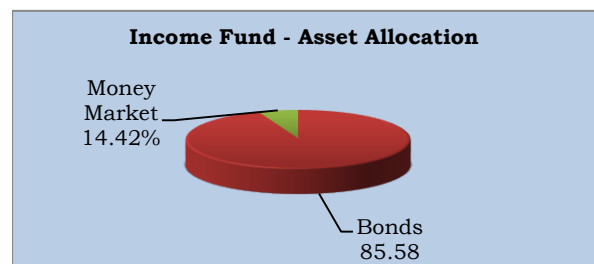
\$500

Subsequent Investment

\$100

Republic Income Fund

Jun-22	Sep-22	Dec-22	Mar-23	Jun-23
1.2546	1.2524	1.3245	1.3255	1.3446



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

\$11,656,708

Net Asset Value

\$1.3446

Minimum Initial Investment

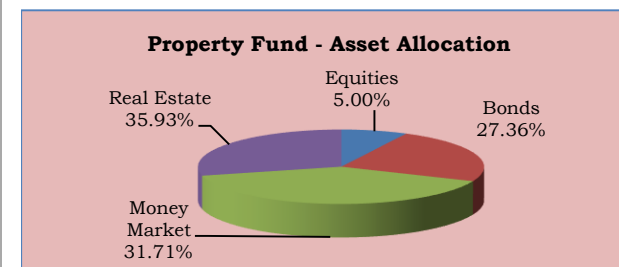
\$2,000

Subsequent Investment

\$500

Republic Property Fund

Jun-22	Sep-22	Dec-22	Mar-23	Jun-23
0.6541	0.6498	0.6504	0.6301	0.6268



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

\$1,412,941

Net Asset Value

\$0.6268