



## QUARTERLY NEWSLETTER – SEPTEMBER 2019

### FUND PERFORMANCE

All three funds recorded decreases in their Net Asset Values for the third quarter of 2019. The declines in the Republic Capital Growth Fund (RCGF) and the Republic Income Fund (RIF) were reflective of a quarterly revaluation exercises on Fixed Income securities and market values of the equities in the respective portfolios. The Republic Property Fund (RPF) performance was mainly driven by the disposal of a real estate security in that portfolio.

The following table highlights the cumulative annual returns from 2015 to 2018 and third-quarter returns for 2019.

FUND	2015	2016	2017	2018	2019
Capital Growth Fund	-0.09%	7.07%	0.17%	-10.00%	-13.55%
Income Fund	5.96%	4.83%	2.52%	-20.84%	-2.61%
Property Fund	1.05%	-8.96%	-1.21%	-27.21%	-16.53%

### ECONOMIC/MARKET REVIEW

There is an increasing optimism surrounding the state of Barbados' economy following the recent discussion of the restructuring of foreign debt. However, a recent report from the Central Bank of Barbados revealed that the economy declined by approximately 2% for the first nine months of 2019. It is anticipated that the new bond instruments for the external creditors will carry a shorter tenor, maturing October 2029, unlike the arrangement with the domestic creditors which ranged from 2023 to 2053. Unlike the deal with the local creditors, it appears that the holders of external debt instruments may lose a portion of their principal and interest with the new agreement. Notwithstanding, the agreement will allow the Barbados Government to further reduce its debt to gross domestic product (GDP) ratio as it attempts to reach a GDP ratio of 60% by 2033.

The third quarter saw improvements on the Barbados Stock Exchange as trading volumes increased by nearly 25% over the previous quarter. With the exception of OCM shares which recorded a 47% decline in share price, most of the other equities remained flat or recorded slight improvements. After a year of relatively no significant trading in the fixed income market, over \$1M in Government Series D bonds were traded in September 2019. The Trinidad & Tobago Stock Exchange also saw improvements as trading increased by 32% over the previous quarter.

The International markets were marked by high volatility as the threats of rising trade barriers and geopolitical tensions including Brexit-related risks worsened. In The World Economic Outlook, the IMF downgraded the growth for 2019 to 3%, its slowest pace since the global financial crisis.

### FUND OUTLOOK

With just over one year post the finalization of the restructuring agreement with the International Monetary Fund on Barbados' local debt and the soon to be concluded external debt restructuring, the economy is now better positioned to benefit from new growth opportunities. Recent reports from the Central Bank of Barbados have forecasted relatively flat growth for 2019 although moderate growth is anticipated in terms of gradual return of investor confidence. Consequently, the Fund Manager continues efforts in rebalancing the portfolio in pace with the changing economic environment. It is expected that with the realigning of the portfolio, the Fund would be able to record more positive performance going forward.

#### Quarterly Updates:

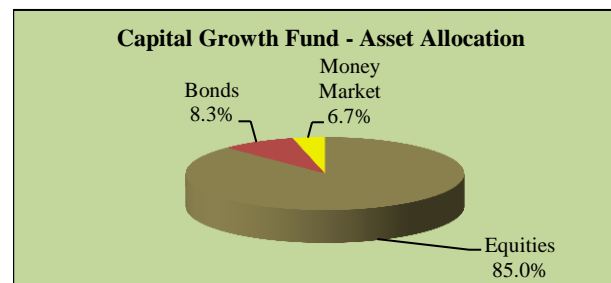
*Further to the resignation of Mr. Nigel Baptiste on July 11, 2019, Mr. Derwin Howell was appointed Chairman of the Board of Republic Funds Inc. The updated Prospectus and Newsletter will be posted online. 3) The Directors of Republic Funds (Barbados) Inc., maintains the decision on the restriction of subscriptions to the Income Fund and limited redemptions to 20% of holdings per unit holder.*



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### Republic Capital Growth Fund

Sep-18	Dec-18	Mar-19	Jun-19	Sept-19
1.4510	1.4531	1.2829	1.3017	1.2560



#### Top Five Holdings

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

#### Fund Size

\$7,381,772

#### Net Asset Value

\$1.2560

#### Minimum Initial Investment

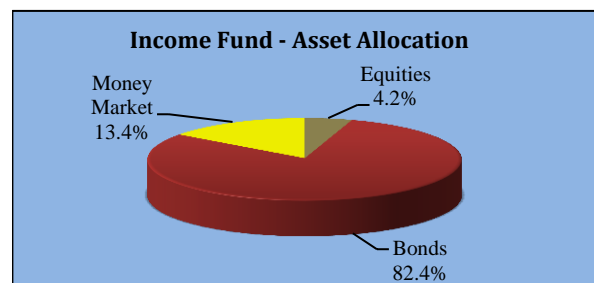
\$500

#### Subsequent Investment

\$100

### Republic Income Fund

Sep-18	Dec-18	Mar-19	Jun-19	Sept-19
1.1860	1.2244	1.1956	1.2010	1.1924



#### 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's Enterprises Ltd.	Equities

#### Fund Size

\$13,498,997

#### Net Asset Value

\$1.1924

#### Minimum Initial Investment

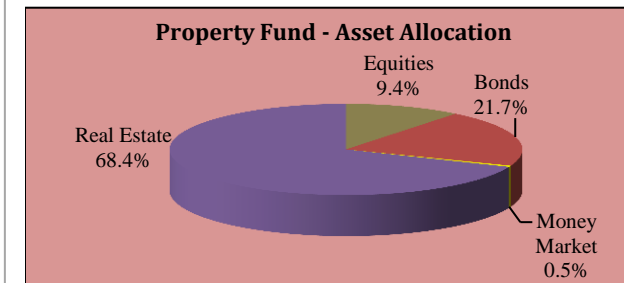
\$2,000

#### Subsequent Investment

\$500

### Republic Property Fund

Sep-18	Dec-18	Mar-19	Jun-19	Sept-19
0.8145	0.8395	0.8379	0.8200	0.7007



#### 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

\$1,638,150

#### Net Asset Value

\$0.7007