

Quarterly Newsletter

JUNE 2024



VM Wealth Funds
Limited

Transform Your Everyday

FUND PERFORMANCE

For the second quarter ending June 30, 2024, the VM Wealth Capital Growth Fund's (VMCGF) Net Asset Value (NAV) per share was B\$1.4186 increasing from B\$1.4058 at December 31, 2023; a change of B\$0.0128. This increase in the NAV continues to be driven by favorable movement in market values of the equities in the portfolio. Over the same period, the NAV of the Republic VM Wealth (VMIF) increased, from B\$1.4240 to B\$1.4250; while the NAV for the VM Wealth Property Fund increased from B\$0.6278 to B\$0.7040. The improvement in the NAVs of the funds is due to rebalancing for the Income Fund to invest in assets with higher yields and an updated valuation for the Apes Hill asset for the Property Fund.

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

Cumulative Annual Returns

FUND	2019	2020	2021	2022	2023	2024
Capital Growth Fund	-13.22%	-5.62%	14.73%	-1.29%	4.32%	0.90%
Income Fund	-2.55%	6.11%	-2.15%	6.91%	7.51%	**0.08%
Property Fund	-16.91%	-3.28%	-1.71%	-1.91%	-3.47%	12.12%

*Returns for Q2 2024
 **Ex-dividend return

ECONOMIC REVIEW

Barbados' economy continues to expand robustly in 2024, driven by a strong recovery in the tourism sector. The country's real GDP has returned to pre-pandemic levels, and inflation has moderated, although domestic factors like adverse weather conditions have led to price increases in some areas. In May, the International Monetary Fund (IMF) conducted a mission to Barbados to review the implementation of the country's Economic Recovery and Transformation (BERT 2022) plan, supported by the IMF's Extended Fund Facility (EFF) and Resilience and Sustainability Facility (RSF), the third such review.

Additionally, Barbados has strengthened its AML/CFT framework, which facilitated its removal from the Financial

Action Tax Force (FATF) grey list. In June, the IMF's Executive Board gave its stamp of approval, allowing the country to draw approximately US\$19 million and US\$37 million, respectively from the EFF and RSF. This brings total disbursements under these arrangements to approximately US\$187 million.

In June 2024, Barbados successfully hosted its third ICC Men's Cricket World Cup (CWC), a major event that significantly boosted tourism and economic activity. The tournament led to a 34.50% increase in long-stay tourist arrivals compared to June 2023. This surge was driven largely by the CWC, which accounted for 78.50% of the growth. The heightened tourism demand was met by a 24% expansion in airlift capacity, resulting in a tourist load factor of 53.50%.

Barbados saw a reduction in domestic inflation, with the 12-month moving average inflation rate dropping to 2.70% by May 2024, down from 4.20% a year earlier. Additionally, the point-to-point inflation rate decreased to 1.60% from 2.20% during the same period. This moderation occurred despite domestic factors like adverse weather impacting local crop yields and pushing up food prices. Notwithstanding, the negative impact of hurricane Beryl is expected to materialize in Q3 with the agricultural and fishing industries the most likely to be impacted. Meanwhile, Barbados maintained a strong external financial position, with gross international reserves reaching \$3.20 billion, as at the end of June, equivalent to 32.2 weeks of imports. The reserves grew by \$245.40 million, despite reduced financial inflows compared to 2023, underscoring the country's resilience and effective economic management.

The public sector debt-to-GDP ratio continued its downward trajectory, falling to 105.30% in June, approximately 3.40 percentage points lower than at the end of FY2023/24. A slowdown in the accumulation of debt led to a \$205.30 million decline in the outstanding stock, while expanding economic activity also contributed to the improvement in the debt ratio. These developments highlight Barbados' ongoing progress in stabilizing its economy and reducing debt levels. According to the IMF, Barbados is making good progress on its fiscal targets, with a primary fiscal surplus projected for FY2024/25.

FUND OUTLOOK



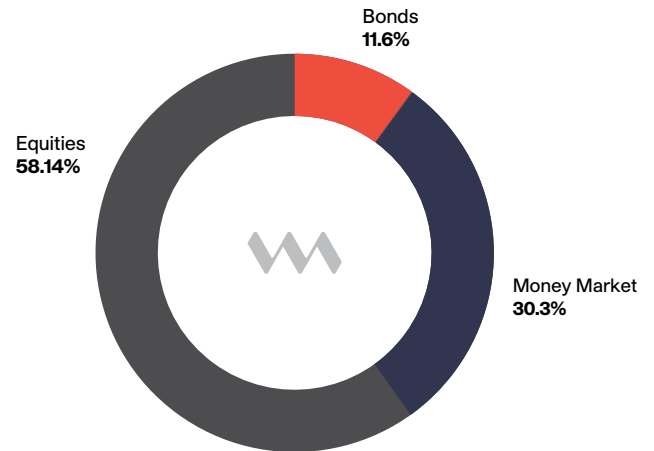
In its April 2024 World Economic Outlook, the IMF forecasts that global economic growth will remain at 3.2% in 2024, which is the same pace as in 2023. Growth is expected to accelerate for advanced economies while emerging market and developing economies will most likely register a modest slowdown in economic activity. According to the IMF, tourism-dependent economies in the Caribbean are projected to experience slower growth in 2024, with real GDP growth expected to reach 2.5 % compared to 3.5% in 2023.

Considering these ongoing and future developments, the EIU-RBL agrees with IMF's real GDP growth forecast of 3.7% for 2024.

The Barbados economy continues to recover, and growth is predicted for the remainder of 2024. Rebalancing the portfolio remains a priority and will allow VM Wealth to take advantage of any opportunities within the global space. The Fund Manager remains optimistic that the underlying portfolios will remain strong and should serve to close the financial year with positive returns.

VM Wealth Capital Growth Fund

Capital Growth Fund - Asset Allocation



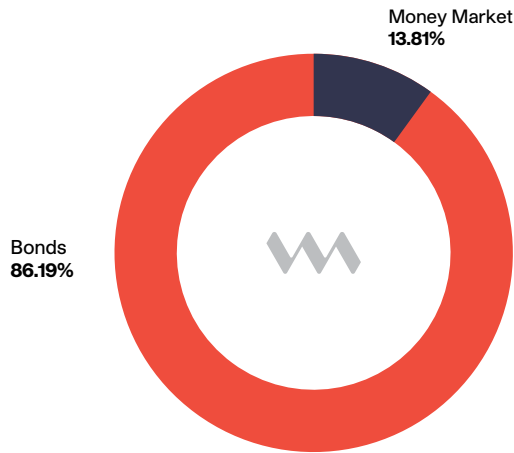
TOP HOLDINGS

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

- ▶ Fund Size - **B\$ 6,832,612.37**
- ▶ Net Asset Value - **B\$1.4186**
- ▶ Minimum Initial Investment - **B\$500**
- ▶ Subsequent Investment - **B\$100**

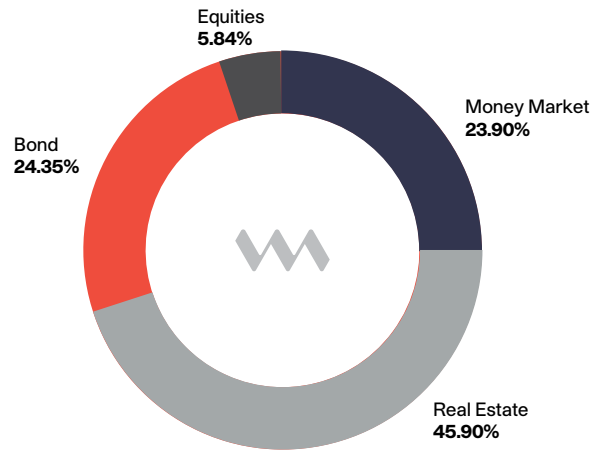
VM Wealth Income Fund

Income Fund - Asset Allocation



VM Wealth Property Fund

Property Fund - Asset Allocation



TOP HOLDINGS		
Rank	Company/Issuer	Security Type
1	Government of Barbados Series D Bond	Fixed Income
2	First Citizens – Repurchase Agreement	Money Market
3	UWI - Clarendon Bond	Fixed Income
4	Barbados Port Inc	Fixed Income

TOP HOLDINGS		
Rank	Company/Issuer	Security Type
1	Apes Hill SRL Development	Real Estate
2	Government of Barbados Series D Bond	Fixed Income
3	Barbados Port Inc.	Fixed Income
4	Southern Golf & Recreation	Equity
5	One Caribbean Media	Equity

- ▶ Fund Size - **B\$12,083,620.63**
- ▶ Net Asset Value - **B\$1.4250**
- ▶ Minimum Initial Investment - **B\$500**
- ▶ Subsequent Investment - **B\$100**

- ▶ Fund Size - **B\$1,601,401.75**
- ▶ Net Asset Value - **B\$0.7040**
- ▶ Minimum Initial Investment - **B\$5,000**
- ▶ Subsequent Investment - **B\$1,000**