



QUARTERLY NEWSLETTER



VM Wealth Funds
Ltd.

FUND PERFORMANCE

For the quarter ended December 31, 2025, the VM Wealth Capital Growth Fund (VMCGF) reported a Net Asset Value (NAV) per share of B\$1.4744, up from B\$1.4355 in December 2024. This reflects a year-over-year (YoY) growth of 2.71%. On a quarter-over-quarter (QoQ) basis, the NAV increased from B\$1.4727 as at September 2025, representing a gain of B\$0.0017 per share. The upward movement in NAV was primarily driven by favorable revaluations in the market prices of equities held within the portfolio.

During the same period, the VM Wealth Income Fund (VMIF) recorded a NAV per share of B\$1.6237, compared to B\$1.5177 in December 2024, an increase of 6.98% YoY. On a QoQ basis, the NAV advanced by B\$0.01 from B\$1.6137 in September 2025, supported by continued income accruals and stable performance across core fixed income holdings. The fund remains the strongest performer among income-oriented funds in the market, delivering a 6.98% year-to-date. This robust performance underscores the fund's resilience and ability to generate consistent returns in a challenging interest rate environment. Looking ahead, we are actively seeking additional interest-bearing assets to further enhance income generation and sustain competitive returns for our investors.

The VM Wealth Property Fund posted a NAV per share of B\$0.5994 as at December 31, 2025, down from B\$0.6341 a year earlier, representing a 5.47% YoY decline. Quarter-over-quarter, the NAV decreased from B\$0.6276 in September 2025, a decrease of B\$0.0282 per share. This is associated with fees and expenses related to the underlying real estate assets, which outpaced appreciation and earnings.

The table below summarizes the annual performance of the VM Wealth Funds over the period 2020–2025, along with comparative results for Q4 2024 and Q4 2025. This provides context for assessing the Funds' recent trends relative to their longer-term performance:

FUND	2020	2021	2022	2023	2024	2025	Q4 2024	Q4 2025
VM Wealth Capital Growth Fund	-5.62%	14.73%	-1.29%	4.32%	6.50%	2.71%	4.20%	0.12%
VM Wealth Income Fund	6.11%	-2.15%	6.91%	7.51%	6.58%	6.98%	5.81%	0.62%
VM Wealth Property Fund	-3.28%	-1.71%	-1.91%	-3.47%	1.00%	-5.47%	-9.08%	-4.50%

- ▶ **Capital Growth Fund:** Slowed its upward trajectory into Q4 2025, posting a quarterly return of 0.12% versus a 4.20% increase in Q4 2024.
- ▶ **Income Fund:** Delivered a modest return of 0.62% in Q4 2025, down from its 5.81% improvement in Q4 2024.
- ▶ **Property Fund:** The performance continues to be negative (-4.50%), however the team is actively seeking to rebalance the fund in Q1 for stronger performance for 2026 and beyond.

ECONOMIC REVIEW

Barbados closed 2025 on a firmer economic footing, having consolidated the gains made since its debt restructuring while navigating a challenging global environment. The country combined steady growth, very low inflation, and improving labour-market conditions with prudent fiscal management, strong international reserves, and continued progress in lowering its debt burden. This, even as risks from external shocks and climate change remain significant.

Real GDP grew by about 2.7% in 2025. This reflected broad-based expansion across tourism, construction, business and other services, and agriculture, while manufacturing was broadly flat. Unemployment fell to 6.6% by September, from 7.1% a year earlier, as roughly 1,100 additional jobs were created, mainly in construction, agriculture, and tourism. However, the dip in labour-force participation and a small rise in jobless claims show that some slack persists. Inflation was exceptionally low with the 12-month moving-average rate easing to 0.7% in November, down from 1.7% a year earlier, even though point-to-point inflation edged up to 1.7% toward year-end due to higher housing, utility, and dining costs.

Tourism remained the main growth engine. Long-stay arrivals reached a record 727,310 visitors (up 3.3%), with strong gains from the United States (up 8.1%), Canada, CARICOM, Europe, and other markets outweighing a 5.9% decline from the United Kingdom. Hotel performance strengthened, with average occupancy up to 65.3% and revenue per available room rising by nearly 15%, while the sharing-economy segment held occupancy but cut prices to remain competitive. Outside tourism, agriculture registered double-digit growth in overall output, construction expanded by about 9.8% on the back of major public and private projects, and business and other services continued to support non-traded-sector activity.

The external position remained anchored by robust services earnings and ample reserves, even as imbalances widened. The current account deficit increased to around BDS\$1.2 billion (7.5% of GDP), as imports of goods and services and dividend repatriation by foreign firms grew faster than exports. Nonetheless, gross international reserves ended the year at roughly BDS\$3.0 billion, just below the BDS\$3.19 billion level in 2024, providing about 27.4 weeks of import cover compared with 30.1 weeks previously. This remains comfortably above benchmarks.

Fiscal policy focused on consolidation while scaling up priority investment. Over April–December FY2025/26, the central government recorded a primary surplus of BDS\$541.7 million (3.3% of GDP) and an overall balance that was essentially flat, with a trivial deficit of BDS\$2.4 million (0.01% of GDP). Higher revenues—particularly from corporate income tax, VAT, and import duties—helped finance increased spending on goods and services, transfers, and a sizeable rise in capital expenditure for infrastructure, health, and social projects such as those under the “Reclaiming Our Atlantic Destiny” programme.

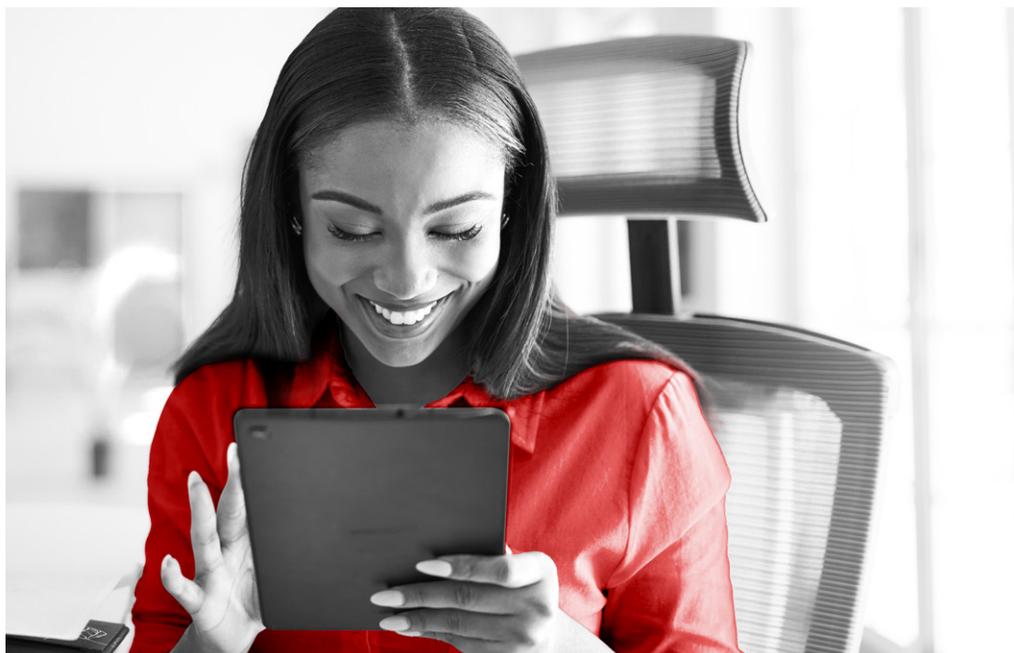
Debt dynamics improved, supported by both fiscal effort and active liability management. Gross public-sector debt is estimated at about BDS\$15.2 billion at end-2025, equivalent to 94.6% of GDP, down from 97.2% a year earlier. The fall in the debt-to-GDP ratio reflects real growth, higher nominal GDP following the rebasing of national accounts to a 2023 base year, and sustained primary surpluses. During the year, government executed significant restructuring operations: it prepaid most of the 2029 Eurobond and a portion of obligations to the IMF’s Extended Fund Facility, replacing them with a new US\$500 million, 10-year bond and multilateral financing. This refinancing reduced future external amortisation peaks, smoothed the maturity profile, and, together with a debt-for-climate swap, lowered domestic interest costs and introduced climate-contingent features that enhance the resilience of the debt stock.

Credit-rating agencies have acknowledged Barbados’ progress since its restructuring by stabilising and, in some cases, upgrading its sovereign ratings, which now sit in speculative-grade territory with a stable outlook. Their assessments highlight the downward trend in debt-to-GDP, repeated primary surpluses, strong reserves, and innovative use of natural-disaster and climate-contingent instruments as key strengths, while noting that the still-elevated debt ratio near 95% of GDP, ongoing interest burden, heavy reliance on tourism, and exposure to climate risks continue to constrain ratings.

Economic Review cont'd

Looking forward, the Central Bank projects real GDP growth of around 2.5–3.0% in 2026, rising toward roughly 3.5% over the medium term as a substantial pipeline of public and private projects in tourism, airport and seaport upgrades, transport and water infrastructure, renewable energy, housing, and the blue economy advances. Inflation is expected to remain low and stable, broadly in the 1–2.5%

range, while international reserves are projected to stay comfortably above prudential norms, supported by tourism receipts and external financing for investment. Within the BERT 2026 framework, fiscal policy aims to sustain primary surpluses—around 4.1% of GDP—further reduce debt-to-GDP, and preserve reserve adequacy, even as global trade tensions, regional geopolitical developments, and climate-related shocks remain important downside risks to the outlook.



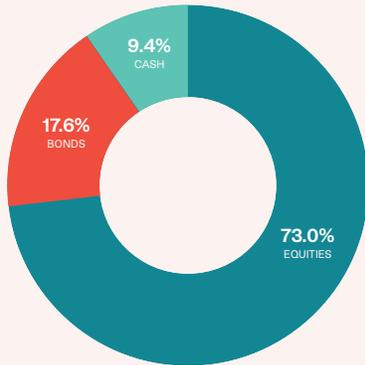
FUND OUTLOOK

The latest IMF outlook shows the global economy holding steady at about 3.3% growth in 2026, supported by resilient demand, easing inflation, and strong investment in technology, even as risks remain tilted to the downside due to trade policy uncertainty and ongoing geopolitical tensions. Against this backdrop, Barbados' outlook for 2026 remains favourable. Real GDP is expected to grow between 2.5% and 3.0%, supported by continued strength in tourism, construction, and business services. Meanwhile medium-term growth is projected to rise toward 3.5% as major public and private investment projects advance. Ongoing reforms under Barbados Economic Recovery and Transformation (BERT) 2026 should continue to support activity, even as global conditions soften. Together, these developments create an operating environment that is broadly supportive but still requires thoughtful, disciplined portfolio management.

In this environment, our investment strategy remains anchored on quality, diversification, and liquidity. We continue to favour assets with reliable cash flows and diversified currency exposure, while maintaining flexibility to respond to shifts in global conditions. Within this framework, the Capital Growth Fund is increasing exposure to US equities to enhance performance potential and improve liquidity. The Property Fund is being rebalanced away from higher-expense holdings and toward stronger, income-generating assets to lift its long-term return profile. Meanwhile, for the Income Fund, which is the leader in its class in Barbados, we continue to diversify around its largest holding to preserve resilience and maintain consistent income generation. Together, these actions position our portfolios to navigate near-term uncertainty while participating in the medium-term opportunities created by Barbados' investment pipeline and broader economic recovery.

VM Wealth Capital Growth Fund

Capital Growth Fund - Asset Allocation



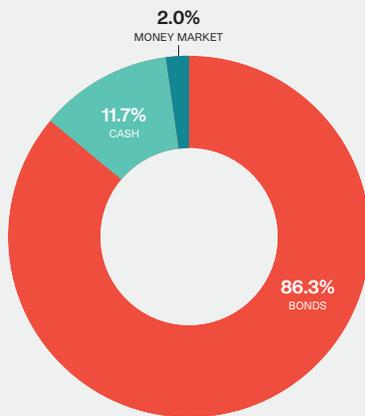
Top Holdings

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

Fund Size - B\$7,031,064.33 **Minimum Initial Investment - B\$500**
Net Asset Value - B\$1.4744 **Subsequent Investment - B\$100**

VM Wealth Income Fund

Income Fund - Asset Allocation



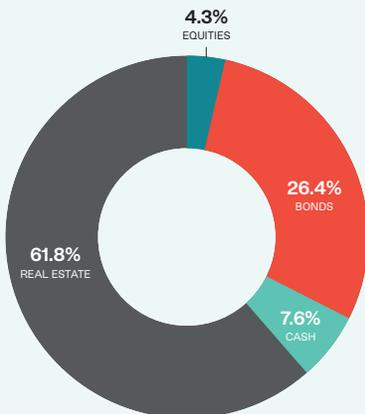
Top Holdings

Rank	Company/Issuer	Security Type
1	Government of Barbados Series D	Fixed Income
3	Proven Wealth Barbados Ltd	Money Market
2	UWI - Clarendon Bond	Fixed Income
4	Barbados Port Inc Bond	Fixed Income

Fund Size - B\$13,982,347.65 **Minimum Initial Investment - B\$500**
Net Asset Value - B\$1.6237 **Subsequent Investment - B\$100**

VM Wealth Property Fund

Property Fund - Asset Allocation



Top Holdings

Rank	Company/Issuer	Security Type
1	Apes Hill SRL Development	Real Estate
3	Government of Barbados Series D	Fixed Income
2	Southern Golf & Recreation	Equity
4	One Caribbean Media Corporation	Equity

Fund Size - B\$1,1335,236.04 **Minimum Initial Investment - B\$5,000**
Net Asset Value - B\$0.5994 **Subsequent Investment - B\$1,000**