



QUARTERLY NEWSLETTER – JUNE 2018

FUND PERFORMANCE

The second quarter of 2018, saw all three Funds recording increases in their Net Asset Values. The Capital Growth Fund's NAV increased by 3.26% moving from \$1.5715 to \$1.6227, while the Income Fund NAV's increased by 0.85% moving from \$1.5446 to \$1.5577. The Property Fund increased by 2.13% moving from \$1.1406 to \$1.1649.

The Capital Growth Fund recorded an increase in its asset base for the quarter ended June 30, 2018. The Capital Growth Fund assets increased by 2.25% moving from \$9.8M to \$10.0M as a result of improved performance of equities in the portfolio. The Income Fund recorded a 7.58% decline in its asset base for the same period, moving from \$20.6M to \$19.1M. The decline in the net assets of the Income Fund was driven by market valuations of the Government Securities in the Fund's portfolio as well as involuntary redemptions. The Property Fund's asset base remained at \$2.9M for the period under review.

The following table highlights the cumulative annual returns from 2014 to 2017 and returns for the second quarter of 2018.

FUND	2014	2015	2016	2017	2018
Capital Growth Fund	5.02%	-0.09%	7.07%	0.17%	0.55%
Income Fund	7.84%	5.96%	4.83%	2.52%	0.04%
Property Fund	-6.41%	1.05%	-8.96%	-1.21%	1.03%

ECONOMIC/MARKET REVIEW

It has been an eventful second quarter of 2018. The ruling party created history by copping a landslide victory, winning all thirty seats in parliament. The government announced that it will commence rebuilding Barbados by addressing the nation's critical issues. Some of these issues included the dwindling foreign reserves, reducing government debt and alleviating environmental issues related to the South Coast. The government also initiated negotiations with the International Monetary Fund (IMF) to provide financial support for these issues as well as other measures outlined in the government's mini-budget.

In June 2018, the government announced that it will suspend all payments on its external debt and roll over principal balances on its local debt at maturity, while continuing to make interest payments until restructuring agreements were concluded. This decision negatively impacted Barbados' credit rating causing Standard & Poor to reduce the island's long-term foreign currency sovereign credit rating to selective default, down from 'CCC+' and its long-term local currency rating to 'CC' from 'CCC'.

On the equity side, there was a sharp decline in trading activity on the Barbados Stock Exchange. Trading volumes decreased by 38%, while the local, composite and cross-list indices declined by 9%, 8% and 1% respectively. Similar results were noted on the Trinidad & Tobago stock markets where trading activity declined by 20%, while the cross-list, composite and all T&T declined by 11%, 2%, and 2% respectively.

The international front saw the potential trade war between the United States and China heating up as China responded to the threat of U.S. tariffs on Chinese imports by threatening the same magnitude of tariffs on American exports. Despite this, the Nasdaq, S&P and DOW ended the quarter up 6.33%, 2.93% and 0.70% respectively.

FUND OUTLOOK

Fund performance continues to be impacted by conditions on local and regional markets. We anxiously await the outcome of meetings between the Barbados Government Economic Team and the IMF, as the government determines the way forward for the Barbados economy. On conclusion of these discussions it is anticipated that the government will be able to obtain the requisite financing to jumpstart previously stalled capital projects, restore the confidence of the international investors and increase investment activity in Barbados.

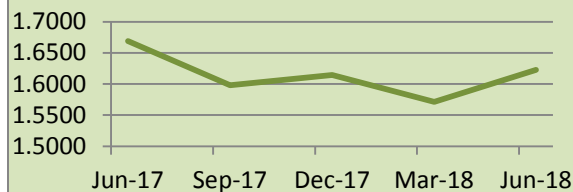
Quarterly Updates:

1) Management instituted a temporary suspension on subscriptions to the Income Fund and limited redemptions to 20% of holdings per unit holder. 2) Mr. Andrew Hutchinson was appointed to the Board of Directors of Republic Funds Inc. 3) The updated Prospectus and Newsletter will be posted online.

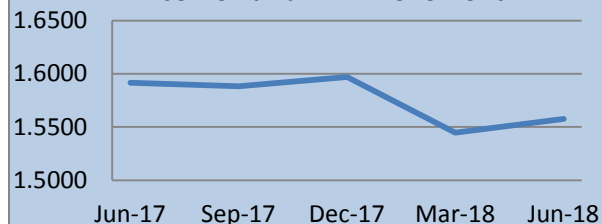


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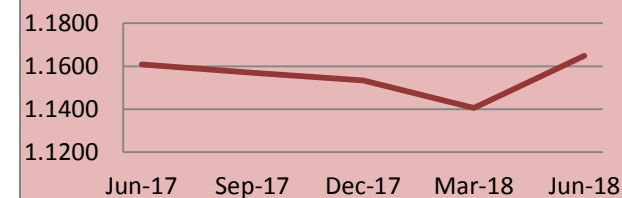
Capital Growth Fund NAV Movement



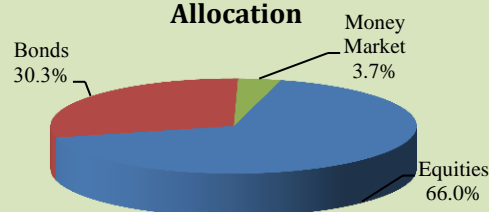
Income Fund NAV Movement



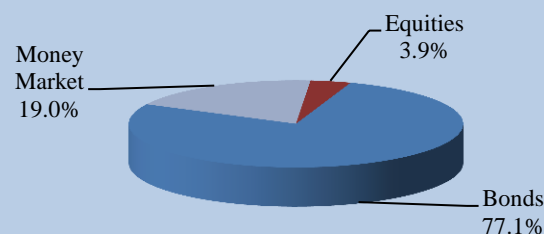
Property Fund NAV Movement



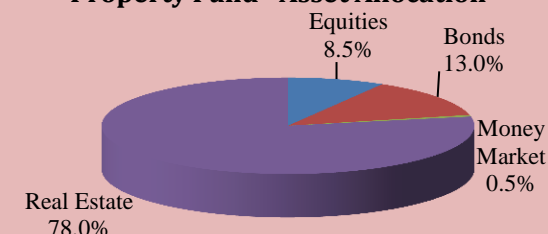
Capital Growth Fund - Asset Allocation



Income Fund - Asset Allocation



Property Fund - Asset Allocation



Republic Capital Growth Fund Top Five Holdings

Rank	Company/Issuer	Security Type
1	Apes Hill Long Term Bond	Fixed Income
2	Royal Bank of Canada	Equity
3	Goddard Enterprises Ltd	Equity
4	Insurance Corporation of Barbados	Equity
5	UWI-Clinical Medicine & Research Bond	Fixed Income

Republic Income Fund Top Five Holdings

Rank	Company/Issuer	Security Type
1	Government of Barbados Debentures	Fixed Income
2	UWI-Clinical Medicine & Research Bond	Fixed Income
3	Barbados Agricultural Management Co.	Fixed Income
4	NSR Bond	Fixed Income
5	Barbados Port Inc.	Fixed Income

Republic Property Fund Top Five Holdings

Rank	Company/Issuer	Security Type
1	Apes Hill Long Term Development	Real Estate
2	Heron Court Lot	Real Estate
3	Barbados Port Inc.	Fixed Income
4	Government of Barbados Debentures	Fixed Income
5	One Caribbean Media	Equity

Republic Capital Growth Fund

Fund Size

\$10,004,703

Net Asset Value

\$1.6227

Minimum Initial Investment

\$500

Subsequent Investment

\$100

Republic Income Fund

Fund Size

\$19,045,707

Net Asset Value

\$1.5577

Minimum Initial Investment

\$2,000

Subsequent Investment

\$500

Republic Property Fund

Fund Size

\$2,890,784

Net Asset Value

\$1.1649