



QUARTERLY NEWSLETTER - DECEMBER 2017

FUND PERFORMANCE

The Republic Capital Growth and the Republic Income Fund recorded increases in the NAV for the quarter ended December 31st 2017. The Capital Growth Fund's NAV increased by 1.03% moving from \$1.5980 to \$1.6145, while the Income Fund's NAV increased by 0.56% moving from \$1.5883 to \$1.5971. The Republic Property Fund declined by 0.31% to close December 2017 at \$1.1534 down from \$1.1570 at the end of September 2017.

All three Funds recorded decreases in their asset base during the quarter. The Capital Growth Fund's asset base declined by 2.11%, moving from \$10.5M to \$10.3M while assets in the Income Fund declined by 1.95% moving from \$21.9M to \$21.6M; these declines were as a result of redemptions. The asset base of the Property Fund declined by 1.16% moving from \$3.0M to \$2.9M.

ANNUAL RETURN HIGHLIGHTS 2012 TO 2017

FUND	2012	2013	2014	2015	2016	2017
Capital Growth Fund	7.40%	7.50%	5.02%	-0.09%	7.07%	0.17%
Income Fund	3.47%	8.18%	7.84%	5.96%	4.83%	2.52%
Property Fund	-7.67%	-11.36%	-6.41%	1.05%	-8.96%	-1.21%

ECONOMIC/MARKET REVIEW

The Barbados Government is in pre-election mode, with competitors launching campaigns aimed at winning the upcoming general election. Whoever wins the election will be tasked with improving government debt and increasing the dwindling foreign exchange reserves. Key to achieving these goals will be the restructuring of debt to extend the maturity of existing loans. This will involve working with local bond holders and international agencies such as IMF and the World Bank. Restructuring debt can also assist in improving Barbados' credit rating so that the government can access international capital markets with a view of replacing current bonds at more reasonable rates.

On the local stock market, the Barbados Stock Exchange (BSE) recorded a 67% decline in trading volumes for the fourth quarter of 2017. Overall, there was an 80% decline in trading volumes in 2017 when compared to the year 2016. The BSE also recorded a decline in its Local Index of 2.28% for the quarter. On the regional exchanges, the Jamaica Stock Exchange Index continued to perform well and recorded a 9.8% increase for the quarter while the Trinidad and Tobago Stock Exchange All T&T index declined by 3.0 % and its Composite Index advanced by 1.99%.

The US stock market saw several benchmark indexes reach record highs throughout 2017. Market growth occurred despite several challenging events, such as the Federal interest rate increases, damaging hurricanes, and a potential struggle over the debt ceiling. However, large caps of the Dow closed the year with gains exceeding 25%, while the S&P 500 expanded over 19%.

FUND OUTLOOK

The Funds yielded significantly lower results for the year ended December 31st 2017. These results were mainly driven by the impairment of a Bond in the previous quarter and overshadowed by unfavourable market conditions. However, we remain cautiously optimistic that irrespective of the outcome of the local elections, the succeeding government will implement policies aimed at 1) improving the international competitiveness of Barbados to boost international reserves 2) reviving what is becoming a stagnant economy in order to achieve measurable economic growth, and 3) reducing the fiscal deficit since a default of debt could be detrimental to local economy. Regionally, economists predict that the Trinidad and Tobago's economy will exit its years-long recession as a result of an improving energy sector. We look forward to 2018 and the improvements in the Caribbean markets and economies.

Quarterly Updates:

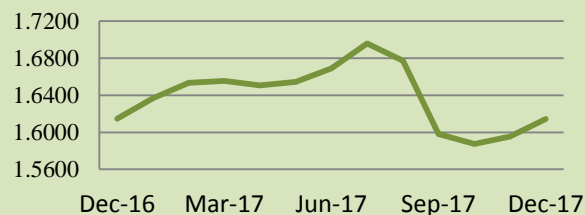
Mr. Nigel Baptiste succeeded Mr. Ronald F. DeC. Harford as Chairman of Republic Finance & Trust (B'dos.) Corp. and Republic Funds (B'dos) Inc. with effect from December 31st 2017; - An updated Prospectus and the Quarterly Newsletter are now available online.

A dividend of \$0.04 was paid to all Republic Income Fund shareholders on record as at January 12th 2018.

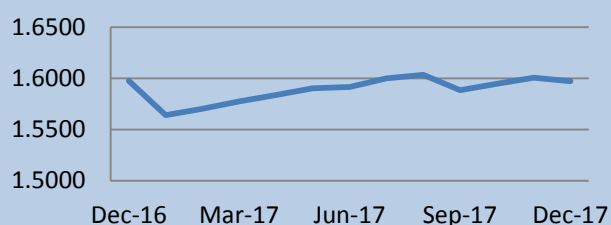


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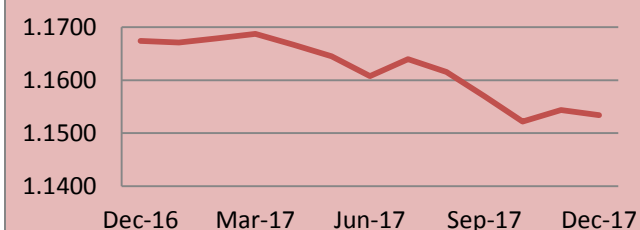
Capital Growth NAV Movement



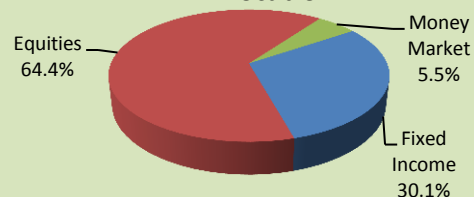
Income Fund - Nav Movement



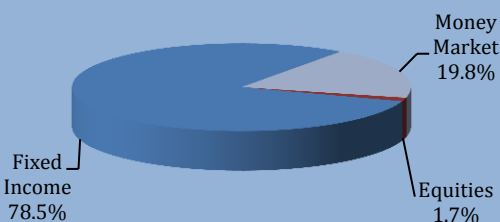
Property Fund Nav Movement



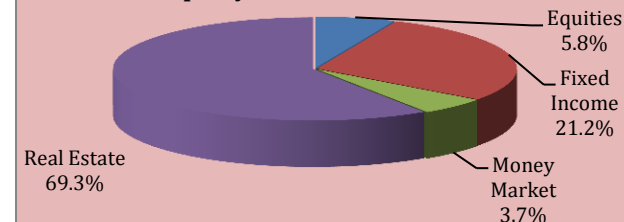
Capital Growth Fund - Asset Allocation



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	Republic Bank (Barbados) Ltd	Money Market
3	UWI-Clinical Medicine & Research Bond	Fixed Income
4	Barbados Agriculture Management Co.	Fixed Income
5	NSR Bond	Fixed Income

Republic Property Fund Top Five Holdings

Rank	Company/Issuer	Security Type
1	Apes Hill Long Term Development	Real Estate
2	Heron Court Lots	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

\$10,252,715

Net Asset Value

\$1.6145

Minimum Initial Investment

\$500

Subsequent Investment

\$100

Republic Income Fund

Fund Size

\$21,550,211

Net Asset Value

\$1.5971

Minimum Initial Investment

\$2,000

Subsequent Investment

\$500

Republic Property Fund

Fund Size

\$2,946,855

Net Asset Value

\$1.1570