



REPUBLIC CARIBBEAN EQUITY FUND

31st December 2014: Issue #53

INVESTMENT OBJECTIVE AND STRATEGY

The investment objective of the Fund is to achieve long-term growth through capital appreciation. The Fund seeks to achieve this by investing in a diversified portfolio of equity and fixed income securities.

To diversify and reduce the overall risk of the portfolio, the Fund invests in those economies and sectors (financial, tourism, manufacturing, distribution & services) with good prospects. The Fund Manager adopts an active investment strategy and continually monitors the performance of the Fund, as it seeks to achieve an optimal asset allocation in accordance with prevailing economic and market conditions.

FUND FACTS as at Dec 31, 2014

Portfolio Manager:	Republic Wealth Management Ltd.
Inception Date:	September 1999
Currency:	TT Dollars
Minimum Initial Investment	TT\$2,000
Subsequent Investment	TT\$200
Fund Size:	TT\$176.260M
Prices - Offer:	TT\$56.7231
Bid:	TT\$55.0709

PORTFOLIO PERFORMANCE

Average Annualized Returns to December 31, 2014¹

Period	4Q'14	1-yr.	3-yr.	5-yr.	Inception
Bid – Bid (%)	1.00	1.82	4.77	8.69	8.36
Offer – Bid (%)	(1.94)	(1.14)	3.74	8.05	8.16

Calendar Year Returns

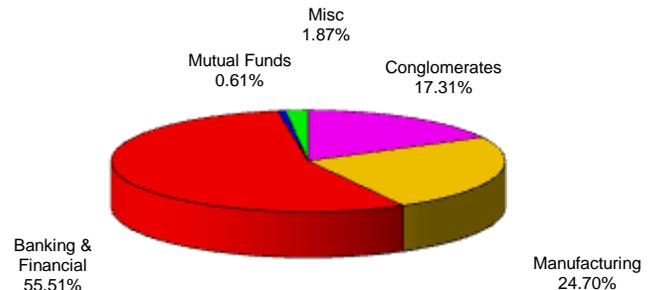
Period	2014	2013	2012	2011
Bid – Bid (%)	1.82	5.22	7.32	19.51
Offer – Bid (%)	(1.14)	2.16	4.19	16.03

¹ This assumes that the investor had invested on December 31st of the relevant year. 4Q'14 is the actual performance for the period.

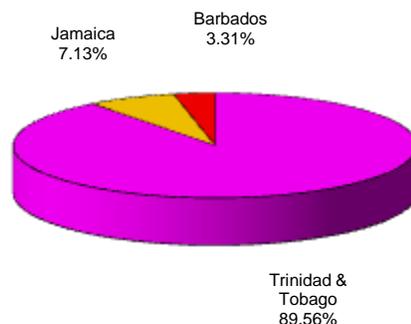
TOP FIVE EQUITY HOLDINGS as at Dec 31, 2014

<u>Equity Holdings</u>	<u>% of Net Assets</u>
Republic Bank Ltd.	12.95%
National Enterprises Ltd.	11.37%
ANSA McAL Ltd.	11.19%
West Indian Tobacco Co. Ltd.	9.08%
Scotiabank T & T Ltd.	6.53%

EQUITY SECTOR ALLOCATION as at Dec 31, 2014



GEOGRAPHIC ALLOCATION as at Dec 31, 2014





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PERFORMANCE SUMMARY

For the 4th consecutive quarter, the Republic Caribbean Equity Fund (up 1.00%) outperformed its benchmark, the Composite Index (up 0.51%).

The Fund benefited from overweight positions held in National Commercial Bank Jamaica Limited (up 15.00%), West Indian Tobacco Company Limited (up 2.74%) and Trinidad Cement Limited (up 11.61%).

Negative contributions to performance included overweight positions in National Enterprises Limited (down 1.75%) and Sagicor Financial Corporation (down 4.19%).

PORTFOLIO REVIEW

No changes were made to the portfolio during the quarter.

ECONOMIC REVIEW AND OUTLOOK

Trinidad and Tobago

In the 3rd quarter of 2014, the economy grew by 1.90% with the non-energy sector growing by 1.40% and the energy sector growing by 2.80%. Growth in the non-energy sector is expected to continue into 2015 as government's construction projects would be ongoing. However, the declining oil and gas prices will contribute to a decline in revenues earned and by extension government spending.

Headline inflation jumped from 7.5% in August to 9.0% in October due to a sharp uptick in food prices. The Central Bank of Trinidad and Tobago, in an effort to tighten its monetary policy, increased the Repo rate again in November by 0.25% to 3.25%.

Barbados

The fiscal consolidation measures which have been in place for over a year have stabilized the foreign reserves. At the end of 2014, the reserves stood at BDS\$1,052 m (14.5 weeks of import cover).

The tourism sector registered growth of 1% in 2014; with long-stay arrivals also increasing by 1%. Airlift out of the UK has contributed to growth in arrivals of 10%, with arrivals down by 3% and 4% from US and Canada respectively. The Trinidad and Caricom markets registered declines in arrivals by 12% and 9% respectively.

At the end of Q3-2014, the unemployment rate rose to 12.5% up from 11.7% in the previous quarter, largely due to the job losses arising from the fiscal consolidation

programme. The inflation rate remained relatively flat at 1.7% from Q2 to Q3-2014.

On 19 December 2014, S&P lowered its long-term sovereign credit rating on Barbados to B from BB- with a negative outlook due to continued large fiscal deficits, a high debt burden that continues to rise and narrower financing options.

As the outlook for tourism has improved and the turnaround in construction (including hotels and villas) is evident, it is expected that the economy will grow by 1.8% in 2015.

Jamaica

The Government of Jamaica continues to meet the quantitative (controlling spending and boosting tax revenue) and structural-performance targets under the 4-year IMF agreement signed in 2013.

The government estimated growth in GDP of 0.9% for 2014 with an uptick to 1.4% in 2015 in anticipation of recovery in the agriculture, construction and tourism sectors.

MARKET OUTLOOK

The benchmark Composite Index for the equity market experienced growth of -2.88% for 2014; following positive growth over the last four years. Given that there are a number of equities which are considered to be fairly valued, it is likely that the domestic stock market may remain flat in the coming year.

The pending IPO of Phoenix Park Gas Processors Ltd. is anticipated to draw significant interest for the equity market in 2015. In addition, the current interest rate environment is expected to remain supportive of the local equity market.

For investors with the appropriate time horizon, equities remain attractive.

For further information or to enquire about our other investment & retirement products, please contact us at:

Tel: (868) 625-4411 Ext. 3307/3302/3064/3316 **or**

Visit: republictt.com **or**

Email: tsdmarketing@republictt.com

Republic Bank's Investment Products:

Republic TTD Money Market Fund: **0.85% (December 2014)**

Republic USD Fixed Income Fund: **3.21% (2014)**

Republic Bank's Individual Retirement Plans (Payout Rate):

Republic Tax Incentive Savings Plan (TISP): **3.35% (2014)**

Republic Equity TISP: **2.45% (2014)**