

REPUBLIC EQUITY TAX INCENTIVE SAVINGS PLAN

31st December 2014: Issue #21

INVESTMENT OBJECTIVE AND STRATEGY

The investment objective of the Plan is to achieve long-term growth primarily through capital appreciation in order to provide investors with returns that will assist in meeting their retirement goals. The Plan invests in a diversified portfolio of equity and fixed income securities that are considered attractive, which should enhance the overall return of the investment portfolio.

To diversify and reduce the overall risk of the portfolio, the Plan invests in those economies and sectors with good prospects. The Investment Manager adopts an active investment strategy and continually monitors the performance of the Plan, as it seeks to achieve an optimal asset allocation in accordance with prevailing economic and market conditions.

PLAN FACTS as at December 31, 2014

| | |
|-------------------------------------|---------------------------------|
| Portfolio Manager: | Republic Wealth Management Ltd. |
| Inception Date: | October 31, 2000 |
| Currency: | TT Dollars |
| Minimum Annual Contribution | TT\$1,200 |
| Minimum Monthly Contribution | TT\$100 |
| Plan Size: | TT\$53.138M |
| Net Asset Value: | TT\$2.5227 |

PORTFOLIO PERFORMANCE

Average Annualized Returns to December 31, 2014¹

| Period | 2H '14 | 1-yr. | 3-yr. | 5-yr. | Inception |
|--------------------|--------|-------|-------|-------|-----------|
| Returns (%) | -1.04 | 1.85 | 5.49 | 4.54 | 6.75 |

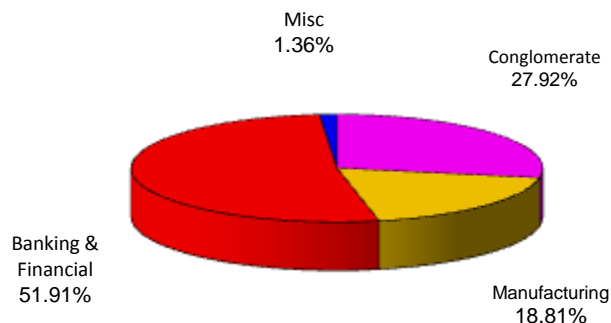
Calendar Year Returns

| Period | 2014 | 2013 | 2012 | 2011 |
|--------------------|------|------|------|------|
| Returns (%) | 1.85 | 6.71 | 8.00 | 7.06 |

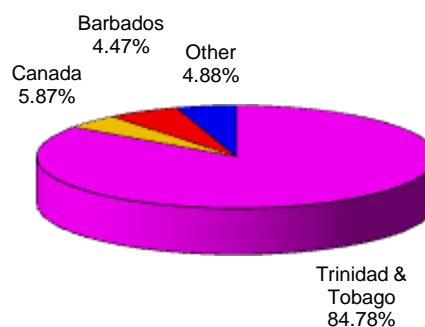
TOP TEN EQUITY HOLDINGS as at December 31, 2014

| Equity Holdings | % of Net Assets |
|----------------------------|-----------------|
| Republic Bank Ltd | 8.96% |
| Massy Holdings Ltd | 8.85% |
| West Indian Tobacco Co Ltd | 7.11% |
| ANSA McAL Ltd | 6.85% |
| Scotiabank T & T Ltd | 3.78% |
| Guardian Holdings Ltd | 3.73% |
| Royal Bank of Canada | 3.48% |
| National Enterprises Ltd | 3.25% |
| Unilever Caribbean Ltd | 2.20% |
| ANSA Merchant Bank Ltd | 2.05% |

EQUITY SECTOR ALLOCATION as at December 31, 2014



GEOGRAPHIC ALLOCATION as at December 31, 2014



¹ This assumes that the investor invested on December 31st of the relevant year. 2H'14 is the actual performance for the period.



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PERFORMANCE SUMMARY

For the 2nd half of 2014, the Plan returned -1.04% to investors while for the year ended December 31, 2014, a return of 1.85% was achieved. The Composite Index benchmark generated returns of -1.34% and -2.88% respectively for the comparable periods.

The Plan benefited from overweight positions in West Indian Tobacco Co Ltd (up 2.82%) and Trinidad Cement Ltd (up 28.21%) and an underweight position in Scotiabank Trinidad & Tobago Limited (down 11.29%).

Negative contributions to performance included overweight positions held in Guardian Holdings Limited (down 7.34%), Sagicor Financial Corporation (down 11.06%) and Massy Holdings Limited (down 1.02%).

PORTFOLIO REVIEW

No changes were made to the portfolio during the period under review.

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 to 3.25% with increases in September and November of 0.25% each.

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\$1,052M (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.

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 equity market experienced negative growth in 2014 after four consecutive years of positive growth. 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 Caribbean Equity Fund: **1.82% (2014) (Bid to Bid)**

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

Republic Bank's Individual Retirement Plans:

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

Republic 134(6) Tax Incentive Savings Plan: **2.45% (2014)**

Republic 134(6) Equity TISP: **-0.59% (2014)**