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At the April edition of our monthly Investor Forum, guest speakers from Mayberry Investments Limited, Sushil Jain, Director and Damian Whylie, General Manager, Asset Management, provided the audience with information on International Investing.

MAY 2017

CEO CORNER

A Company's Stock Price: what does it mean?

CEO CORNER
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Companies enter the stock market either to issue or sell shares after their initial public offering (IPO) to raise more capital for expanding their operations. Studies have proven over time that shares or equities are one of the best long-term investments in the financial market place and therefore measures the overall strength and well-being of a company's performance.

The stock price of the company is varied to change in its value; this involves the taking of risk once the investment has been made. Nonetheless, over the long term they can generate good returns. Investors receive two types of return from the purchase of shares being bought; annual income and long-term capital growth, whereas most shares offer income in the form of dividends, that are usually paid twice a year to shareholders. This is generally paid when a company is making substantial amounts of capital.

Many companies have faced challenges in becoming undermined with the value of share price. This occurs when management is unable to utilize the funds raised to increase future earnings with the value of the business. There are conditions that the company must undergo in making its' share price beneficial for all stakeholders. (1.) It is imperative that the business must be a reputable entity with steady profit growth where the increase in share price is in alignment with the increase in the value of the business. (2.) Also, any corporate strategies that aid to increase the added value of the company will be advantageous in increasing shareholders' value.

A good management must have a vision for its company in taking the advantage of its share price to expand and grow the business. Once the value of the stock price has increased, it will provide alternative opportunities to develop the future of the corporation and its stakeholders. This will furthermore attract potential investors as well as build partnerships. ■

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The Years that Made all Things New

Richard Deane
Global Fixed Income Strategist

Subconsciously we all like to think that we are smarter than the average person, and If you have been in the financial industry long enough, you tend to stumble upon someone suffering from a condition called creeping determinism, or as it is known by its less scholastic sobriquet, the knew-it-all-along effect. In other words, they saw it coming and if you did the math like they did, you would have seen it coming as well. However, if we were to be honest, most of us are below average when it comes to predicting the future.

How many of us in 2009, back when interest rates were still averaging 24 per cent and the US dollar was the hottest ticket in town, foresaw Jamaica's inflation rate, at any time in the next five years, being below 4 per cent? Or how many of us saw the stock market growing approximately 100 per cent in one year? Did you see oil prices free falling towards US $20 per barrel?

Furthermore, how many of us even saw not one but two debt exchanges, the six month Treasury Bill at around 6 per cent and the retail repurchase agreement relegated to the past tense over this period?

Most of us probably did not see any of these coming, or certainly, we didn't see it coming all at once.

The last five years should have taught us this lesson: things change, and they can change quickly.

Call it my creeping determinism, but the last five years have reinforced what, as a portfolio manager, I always knew to be true -- you build a portfolio with a wide range of asset classes simply because things will change.

Using a well thought-out asset allocation strategy protects you from the risk of following temporary investment fads. Since even professional investors sometimes get their timing wrong, or end up following the multitude into a transitorily popular asset or market, having a formal strategy can help you to maintain a balanced portfolio.

Practiced investors usually combine assets that tend to do well at different times, because Investment markets move in different cycles. It is the nature of the beast that as the strength of an economy or industry trends, and investor sentiment changes, so too do asset classes such as bonds and equity in performance over time.

Diversifying your portfolio can help smooth out market ups and downs. Therefore, better performing assets help to offset those that are not performing so well at a given time.

COMPANY ANALYSIS

Honey Bun (1982) Limited - (HONBUN)

Executive Summary

HONBUN is Jamaica's fastest growing wholesale bakery. The Company is a producer of baked goods and snack products. HONBUN's product line includes donuts, cinnamon rolls, snack cakes, raisin breads, cheese breads and its spiced buns with injected soft cheese. The product line is distributed across Jamaica in supermarkets, small retail outlets, schools and service stations. The company also exports certain of its products, namely its Honey Bun branded Easter buns and its Buccaneer branded rum cakes, to the US, the UK and the larger Caribbean. The Buccaneer brand of rum and fruit cakes was developed under a 'Brand Jamaica' strategy for the local and export markets. Listed in 2011, HONBUN has become the first Jamaican bakery to receive HACCP certification and has quickly become a household name.

Six months into the 2017 financial year (FY), HONBUN posted a 12 per cent increase in revenue with net profit declining by 18 per cent year over year to close the period at $77.46 million. Over the past five years, the company's revenue has grown at an annual average compounded rate (CAGR) of 18.12 per cent, moving from $611.33 million in 2012 to $1.19 billion in 2016. Net profit has also showed a year over year increase for the last five years with the exception of the 2013 and 2014 FYs when it declined by 15 per cent and 34 per cent respectively. For the five years, net profit attributable to shareholders grew by a CAGR of 35.38 per cent. The company's total asset base increased for the year ended September 2016, closing at $585.64 million relative to $487.40 million for the prior year, while shareholders' equity closed at $471.27 million, an increase of 28 per cent year over year due to increased retained earnings. HONBUN's current ratio of 2.43 times as at September 30, 2016, indicates the company is able to cover its short term liabilities.

SWOT

Strengths

- Improved operations.
- Strong brand loyalty in the market and good product development skills.
- Track record of growth

Weaknesses

- Dependent on the Jamaican market for revenue and any disruption in the economy could lead to reduced sales.

Opportunities

- Potential to grow in export markets, particularly with their HACCP certification.

Threats

- High competition in the market, which may lead to a substitution risk; brand loyalty is essential to sustaining sales.
- Growing health consciousness worldwide, encouraging consumers to eat less baked pastries could negatively impact sales.

Economic and Industry Analysis

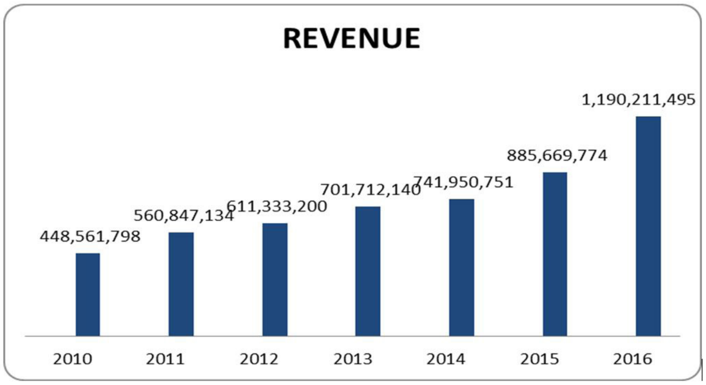
The Jamaican goods producing industry grew by 3.0 per cent during the October- December quarter of 2016. This was due to growth in the agriculture, manufacturing and construction industries, which outweighed the contraction recorded for the mining & quarrying industry. According to the Planning Institute of Jamaica (PIOJ), "Real Value Added for the Manufacturing sector grew by an estimated 0.2 per cent during the period, reflecting growth in the Food, Beverages & Tobacco subcategory, which outweighed an estimated decline in the Other Manufacturing subcategory. The estimated growth in the Food, Beverages and Tobacco component was due to increased output in the Food Processing component. This performance was supported by growth in Bakery Products, up 15.5 per cent; Poultry, up 15.7 per cent; and Animal Feeds, up 14.6 per cent. Within the Beverages & Tobacco component, higher production was recorded for Beer & Stout, up 8.5 per cent, and Carbonated Beverages, up 4.7 per cent. However, Rum & Alcohol production declined by 48.3 per cent, representing the impact of closure of one major distillery during the quarter for maintenance purposes".

The economy grew by 1.3 per cent for the October to December quarter of 2016 compared to the same period in 2015. The major reason for this growth was the improved performance in the goods producing industry, particularly the 16 per cent increase in production in agriculture, forestry and fishery. The improvement in the agriculture industry was facilitated by more favourable weather conditions relative to the corresponding period in 2015. The manufacturing sector also grew by 5 per cent for the fiscal year ending March 2016 compared to that of March 2015. This movement has helped Jamaica increase in growth, as manufacturing is the leading contributor to the goods producing sector.

With reduced inflation and the change in the government tax structure from direct to indirect taxes, there will be increased disposable income for consumers to spend. Reduced inflation in the economy should also bode well for the manufacturing sector. Low gas prices in recent years also continue to reduce operating cost, but with the introduction of the new gas tax, the impact will not be widely felt by the industry for this FY.

Operational Analysis

HONBUN was incorporated in May 1982 and became listed on the Junior Market of the Jamaica Stock Exchange (JSE) in June 2011. HONBUN's principal activities include the manufacturing and distribution of baked products to the local and export market. Additionally, the company markets its products under the Honey Bun, Buccaneer and Island Bites brands to supermarkets, distributors as well as schools. Over the past five years, the company's revenue has grown, moving from $611.33 million in FY 2012 to $1.19 billion in FY 2016. Increased revenues have translated into increased net profits attributable to stockholders over the years, growing annually at a CAGR of 35 per cent from $41.54 million in FY 2012 to $139.56 million in FY 2016.



Revenue: HONBUN posted a 34 per cent increase in revenue year over year, earning revenues of $1.19 billion for the 2016 FY (FY 2015: $885.67). This was HONBUN's first time reaching the billion dollar revenue mark. The company stated that its revenue growth was mainly due to its increased and efficient marketing and distribution channels led by Dustin Chong (Sales and Distribution Manager). The company has also managed to increase its exports in 2016 by 20 per cent and has made exports a priority for growth. This can be seen through the introduction of the company's Jamaican Christmas Cake, which targets the Jamaican diaspora in the United States and Canadian markets. The company has a 4 year CAGR of 18 per cent for revenues and is looking towards increasing its exports to further increase that figure. "CEO of bakery and confectionery Honey Bun Limited Michelle Chong indicates that in 2017 the company will pursue new export opportunities in a bid to increase hard currency earnings". This and increased activity in the local market will allow the company to continue increasing its revenue year over year.

Expenses: Operational expenses have grown by 26 per cent in FY 2016 to total $386 million (FY 2015: $306.78 million). This was due mainly to increased administrative expenses which totalled $244.86 million compared to the prior year's figure of $187.88 million, a 30 per cent year over year change. HONBUN however states that whilst they increased staff, their employment to sales ratio has been reduced. Notably though,

HONBUN ABRIDGED INCOME STATEMENT	FY2012	FY2013	FY2014	FY2015	FY2016	%CHANGE 2015/2016	CAGR% 4 YEAR
Revenue	611,333,200	701,712,140	741,950,751	885,669,774	1,190,211,495	34%	18%
Cost of Sales	342,061,375	406,361,643	437,749,558	506,315,931	659,088,501	30%	18%
Gross Profit	**269,271,825**	**295,350,497**	**304,201,193**	**379,353,843**	**531,122,994**	40%	19%
Other Income	2,411,541	6,954,411	4,647,349	1,765,710	9,754,742	452%	42%
Profit before expenses	**271,683,366**	**302,304,908**	**308,848,542**	**381,119,553**	**540,877,736**	42%	19%
Total Operational Expense	**226,968,184**	**264,084,689**	**280,344,361**	**306,777,054**	**385,999,527**	26%	14%
Profit from operations	**44,715,182**	**38,220,219**	**28,504,181**	**74,342,499**	**154,878,209**	108%	36%
Finance Cost & Policy Expenses	2,794,640	2,903,003	5,204,150	6,177,165	5,134,254	-17%	16%
Profit before Taxation	**41,920,542**	**35,317,216**	**23,300,031**	**68,165,334**	**149,743,955**	120%	37%
Taxation	378,754	-			10,182,245		
Net Profit after taxation	**41,541,788**	**35,317,216**	**23,300,031**	**68,165,334**	**139,561,710**	105%	35%
Earnings Per Share	0.09	0.07	0.05	0.14	0.30		

even though HONBUN has increased its staff complement, the number of full time employees has reduced to 58 in FY 2016 from 71 in FY 2015. The company also increased its selling distribution and promotion expense by 19 per cent to close at $141.14 million for the FY 2016. This increase has come as the company strengthened its distribution and sales channels. The company has made major increases in its advertising expenses for the FY 2016, closing at $34.53 million $8.23 million, more than the $26.3 million reported in the 2015 FY. The company has also increased its repairs maintenance and cleaning for the 2016 FY by $12.43 million, reporting a total of $30.98 million. This was due to its recently acquired HACCP certification, making HONBUN the only bakery in Jamaica which such certification.

Profits: Pre-tax profit before taxation increased by 120 per cent year over year closing the year at $149.71 million. The company's net profit was however $139.56 million due to tax of $10.18 million incurred as the company has now completed its first five years as a listed company on the Junior Market. Earnings per share (EPS) finished at $0.30 for the 2016 FY (FY 2015: $0.14). The company will continue to improve its expense margin as it seeks to increase efficiency in its production line.

Balance Sheet Analysis

Honey Bun Balance Sheet Statement as at Sep 30, 2016	FY2012	FY2013	FY2014	FY2015	FY2016	%CHANGE
NON-CURRENT ASSETS						
Property, plant and equipment	183,156,292	190,403,117	296,611,652	278,775,252	343,924,732	23%
Investments	34,175,999	4,151,679	25,343,421	28,291,806	39,494,528	40%
Intangible Assets	4,936,654	8,680,500	5,662,195	1,902,611	1,800,549	-5%
	222,268,945	**203,235,296**	**327,617,268**	**308,969,669**	**385,219,809**	25%
CURRENT ASSETS						
Inventory	27,600,573	33,735,814	38,411,875	45,419,998	49,629,962	9%
Receivables	55,827,979	78,086,936	69,183,563	68,880,502	77,412,216	12%
Taxation recoverable	112,493	112,493	112,493	112,493	112,493	0%
Cash and cash equivalents	23,950,653	77,667,022	21,331,039	64,017,625	73,263,386	14%
	107,491,698	**189,602,265**	**129,038,970**	**178,430,618**	**200,418,057**	12%
Total Assets	**329,760,643**	**392,837,561**	**456,656,238**	**487,400,287**	**585,637,866**	20%
CURRENT LIABILITIES:						
Payables	40,066,133	74,591,530	74,650,703	68,398,911	71,172,561	4%
Taxation					3,959,304	
Dividends Payable						
Bank overdraft	2,560,089	13,533,304	16,138,286	0	1,246,209	
Current portion of long-term loans	3,714,276	3,714,276	10,097,387	8,464,618	6,051,314	-29%
	46,340,498	**91,839,110**	**100,886,376**	**76,863,529**	**82,429,388**	7%
SHAREHOLDERS EQUITY						
Shareholders' equity						
Share capital	46,514,770	46,514,770	46,514,770	46,514,770	46,514,770	0%
capital reserves	71,829,608	71,942,983	70,948,972	72,759,535	60,372,566	-17%
Retained earnings	151,766,278	172,945,485	191,532,847	248,387,774	364,386,136	47%
	270,110,656	**291,403,238**	**308,996,589**	**367,662,079**	**471,273,472**	28%
NON-CURRENT LIABILITY						
Long term loans	13,309,489	9,595,213	46,773,273	42,874,679	7,832,468	-82%
Deferred tax liability					24,102,538	
	13,309,489	**9,595,213**	**46,773,273**	**42,874,679**	**31,935,006**	-26%
TOTAL EQUITY AND LIABILITY	**329,760,643**	**392,837,561**	**456,656,238**	**487,400,287**	**585,637,866**	20%

The company has increased its non-current assets by 25 per cent. The major contributor was the 40 per cent increase year over year in investments, as the company continues to diversify its portfolio. Plant property and equipment also increased by 23 per cent to close at $343.92 million in the FY 2016, compared to the $278.76 million reported in FY 2015. Current assets increased by 12 per cent. This was mainly due to an increase in cash and cash equivalents by 14 per cent, closing at $73.26 million in FY 2016 (FY 2015: $64.02). Total assets therefore increased by 20 per cent, closing at $585.64 million compared to the $487.40 million reported in FY 2015. This is expected to continue, as over the years, HONBUN has managed to continuously increase its asset base.

Current portion of long term loans declined by 29 per cent to close the year at $6.05 million compared to the $8.46 million reported in FY 2015. This comes as the company continues to reduce debt and underlines management's commitment to doing so. However, current liabilities increased by 7 per cent -- mainly due to taxation of $3.96 million incurred by the company which is now required to pay taxes as it enters its sixth year as a listed entity on the Junior Market. Non-current liabilities declined by 26 per cent due to the 82 per cent reduction in long term loans.

The company's equity increased by 28 per cent, mainly due to a 47 per cent increase in retained earnings, moving from $248.39 million in FY 2015 to $364.39 million in FY 2016. This shows HONBUN's commitment to growing its business while managing its debt portfolio, given that the majority of its capital expansion will be made through retained earnings.

Ratio Analysis

Profitability Ratios

MARGINS AND RETURNS	FY2012	FY2013	FY2014	FY2015	FY2016
Gross Profit Margin	44%	42%	41%	43%	45%
Operating Profit Margin	7%	5%	4%	8%	13%
Return on Average Assets	13%	10%	5%	14%	26%
Return on Average Equity	17%	13%	8%	20%	33%

The company's gross profit margin has been between 41 per cent and 45 per cent over the last five years, with 45 per cent being reported in 2016. A 45 per cent profit margin means that the company makes a gross profit of $0.45 for each dollar of revenue earned. The company's return on average assets has increased, moving from 14 per cent in FY 2015 to 26 per cent in FY 2016. This shows managements increased efficiency of making money with the company's assets. Return on average equity has also increased by 13 per cent, moving to 33 per cent in FY 2016 from 20 per cent in FY 2015.

Activity

ACTIVITY RATIOS	FY2012	FY2013	FY2014	FY2015	FY2016
Average Receivables Turnover (Days)	30.50	34.83	36.22	28.45	22.43
Inventory Turnover Ratio (Days)	26.24	27.55	30.08	30.22	26.32
Asset Turnover (times)	1.92	1.94	1.75	1.88	2.22
# of Days Payable(Days)	41.79	50.74	61.46	50.97	38.32

Asset turnover has increased to 2.22 times compared to 1.88 times in FY 2015. Average receivables turnover has increased from 28.45 to 22.43 days, showing the company's increased efficiency in recovering receivables. Inventory turnover days has been reduced, moving from 30.22 days in FY 2015 to 26.32 days in FY 2016 days. This shows the company's increased efficiency in turning its inventory into revenue, thereby reducing its risk.

Liquidity

LIQUIDITY	FY2012	FY2013	FY2014	FY2015	FY2016
Quick Ratio	1.72	1.70	0.90	1.73	1.83
Cash Ratio	0.52	0.85	0.21	0.83	0.89

There were increases in the company's liquidity ratios between FY 2015 and FY 2016. This shows the company's continued focus on improving its efficiency. The company's current liabilities can be easily covered by its current assets.

<u>HONBUN's Liquidity and Cash Conversion compared to other Manufacturing peers:</u>

	FY2012	FY2013	FY2014	FY2015	FY2016
KREMI					
Cash Conversion Cycle	-13.72	-4.66	0.34	13.93	24.94
Current Ratio	0.55	0.81	0.80	1.19	2.88
PURITY					
Cash Conversion Cycle	27.18	32.37	38.96	32.89	27.67
Current Ratio	2.35	4.16	3.59	2.43	2.43
HONBUN					
Cash Conversion Cycle	14.94	11.64	4.84	7.69	10.43
Current Ratio	2.32	2.06	1.28	2.32	2.43

HONBUN's cash conversion cycle for 2016 is 10 days, taking less time relative to its peers to turn an inventory purchase into cash collected. However, same has fluctuated over the past five years. Cash conversion cycle, which indicates the amount of time taken for the company to convert its resource inputs into cash is positive and reflects the company's ability to pay its suppliers after inventory has been sold as well as its ability to collect cash from their customers.

The assessment of HONBUN's current ratio indicates that the company is in a strong position as its ratio is well above 1 times. The current ratio indicates a company's ability to pay back its short-term liabilities (debt and payables) with its current assets (cash, inventory, receivables). HONBUN recorded a current ratio for 2015 of 2.43 times, the highest over the last five year.

Solvency

SOLVENCY RATIOS	FY2012	FY2013	FY2014	FY2015	FY2016
Debt to Equity	0.07	0.09	0.24	0.14	0.03
Debt to Assets	0.06	0.07	0.16	0.11	0.03

The company has managed to reduce its debt to equity and debt to assets ratios through continued focus on reducing its debt. This debt to asset ratio means that HONBUN is in a good position to acquire more leverage for expansion if needed.

Cash Inflows and Outflows

ABRIDGED 5 YEAR CASH FLOW STATEMENTS	2012	2013	2014	2015	2016
Net cash from operating activities	48,818,816	68,300,282	65,125,286	100,879,942	183,218,685
Net cash used in investing activities	(20,192,932)	(7,704,843)	(157,710,601)	(19,036,135)	(109,066,017)
Net cash used in financing activities	(15,518,499)	(17,852,285)	33,644,350	(23,018,935)	(66,153,117)

The company's net inflow provided from operating activities increased by 82 per cent from $100.88 million in FY 2015 to $183.22 million in FY 2016. The company increased its cash outflow used for investing activities moving from $19.04 million in FY 2015 to $109.07 million in FY 2016 due to its continued increases in investments. Cash outflow used for financing activities increased by $43.13 million, moving from $23.02 million in FY 2015 to $66.15 million in FY 2016. This was mainly due to the company's increase in repaying long term borrowings and also an increase in dividends paid.

For the 6 months ended March 2017

Revenue grew by 12 per cent amounting to $680.34 million, up from $607.26 million reported a year ago. The company had an 18 per cent increase in cost of sales, bringing it to $383.64 million and consequently, gross profit increased by 5 per cent or $13.19 million year-to-date to $296.71 million. For the quarter, gross profit increased by 9 per cent or $12.42 million to $158.07 million.

The company had other losses totalling $93,163, relative to gains of $3.37 million for the same period the prior FY. The loss was offset by a 41 per cent or $284,599 increase in finance income to $971,471. Once considered, profit before expenses increased by 3 per cent or $10 million to $297.58 million. Administrative expenses has increased by 15 per cent to $133.24 million (2015/16: $116.34 million) while selling, distribution & promotion expenses increased by 7 per cent to $73.46 million (2015/16: $68.96 million). As a result, total expenses increased by 12 per cent or $21.40 million to $206.70 million. For the quarter, total expenses increased by 20 per

COMPANY ANALYSIS
Honey Bun (1982) Limited - (HONBUN)

cent to $112.39 million "due to investment in capacity building programmes to facilitate business growth". The increased expenses resulted in profit from operations, declining by 11 per cent from $102.28 million for the period in review in the prior year to $90.88 million year-to-date. Finance costs declined by 31 per cent to $2.33 million and once considered, profit before taxation has declined by 10 per cent or $10.37 million to $88.55 million for the period in review.

Taxation has increased significantly by $6.97 million or 169 per cent to $11.09 million. Once considered, net profit after taxation amounted to $77.46 million, an 18 per cent decrease relative to the $19.79 million reported in the similar period the prior FY. For the quarter, net profit after taxation has declined by 20 per cent to $39.57 million. Consequently, earnings per share (EPS) amounted to $0.16 (2015/16: $0.20) year to date, while the twelve months trailing EPS is $0.26. The number of shares used in this calculation was 471,266,950 shares.

Projections:

Honey Bun Jamaica Limited Projected P&L	FY2016	FY2017	%Change
Revenue	1,190,211,495	1,368,743,219	15.0%
Cost of Sales	659,088,501	766,496,203	16.3%
Gross Profit	**531,122,994**	**602,247,016**	13.4%
Profit before expenses	**540,877,736**	**604,096,795**	11.7%
Less Operational Expenses	**385,999,527**	**449,085,074**	16.3%
Profit from operations	**154,878,209**	**155,011,722**	0.1%
Finance Cost & Policy Expenses	5,134,254	4,667,120	-9.1%
Profit before Taxation	**149,743,955**	**150,344,602**	0.4%
Taxation	10,182,245	(18,793,075)	
Net Profit after taxation	**139,561,710**	**131,551,527**	-5.7%

During the FY ended September 2016, HONBUN indicated that it would seek to maximize sales and exports while minimising its cost of sales. This far, the company has made good on its pledge. HONBUN reported revenues for the second quarter ended March 2017 of $680.34 million, an increase of 12 per cent compared to the $607.26 million booked for the corresponding period in 2016. With the change from direct to indirect taxes by the Jamaican government, moving the threshold to $1.50 million, there will be increased disposable income to persons earning above the previous threshold that should lead to increased consumer spending.

Against this background, for the full FY to end September, 2017, revenues are estimated to grow in FY 2016/17 at 15 per cent driven by the company's enhanced capacity and dedicated export initiative.

Costs of sales however rose by 18 per cent to $383.64 million for the six months ended March 2017, relative to $323.74 million for the same period of 2016. Cost of sales is expected to continue growing and should end FYc2017 with a 16 per cent increase based on the cost of sales margin of 56 per cent. As a result, gross profit is expected to increase by 12 per cent at the end of the year, based on the revenue and cost of sales projections.

HONBUN experienced an increase in administrative expenses by 15 per cent to total $133.24 million for the 6 months ended March 2017, from$116.34 million for the corresponding period of 2016. Selling, distribution & promotion expense incurred by the company increased by 7 per cent to close the period at $73.46 million (FY 2016: $68.96 million). Overall, operating expenses are expected to increase for the FY end based on the quarterly results. The company is now paying taxes and as a result, net profit after tax should only see a 6 per cent decline to the prior year and HONBUN should see an EPS of $0.28. Using a projected PE of 24.18 times, this stock should be priced at $7.25, traded at $7.25 on May 22, 2016 and is therefore recommended as a **HOLD.** ■

Disclaimer

FORUM HIGHLIGHTS
FOR MAY 2017

The Mayberry trio of Sushil Jain, Director, Damian Whylie, General Manager-Asset Management, both presenters for the evening, are joined by Anika Jengelley, Assistant VP-Marketing for a chat.

Renee Hamilton, Investment Advisor and host for the evening, starts off the proceedings.

Mayberry Administrative Assistant, Karel Ellington and CPJ Brand Manager, Ohran Cato pose for a photo.

Mayberry Investment Advisors, Floyd Wilson (left) and Sherace Pinnock exchange views with Sushil Jain over cocktails.

Audience well engaged in the evening's discussion.

Sushil Jain making his presentation.

ECONOMIC HIGHLIGHTS

ECONOMIC HIGHLIGHTS FOR APRIL 2017

	April 2017	March 2017	Change
91 Days Treasury Bills Avg. Yield (%)	5.717	6.131	0.413
182 Days Treasury Bills Avg. Yield (%)	6.399	6.320	0.078
Exchange Rate (US$:J$)	128.87	128.40	0.47
Net International Reserves (NIR) (US$M)	2,848.87	2,769.17	79.70

Net International Reserves

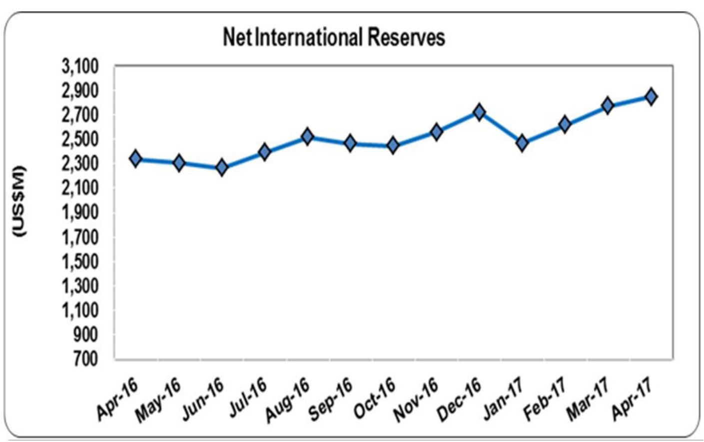
Jamaica's Net International Reserves (NIR) totalled US$2,848.87 million as at April 2017, reflecting an increase of US$79.70 million relative to the US$2,769.17 million reported as at the end of March 2017.

Changes in the NIR resulted from an increase in foreign assets of US$85.49 million to total US$3,409.38 million. Currency and deposits contributed the most to the growth in foreign assets. This as currency and deposits as at April 2017 totalled US$3,106.0 million, reflecting a growth of US$82.62 million compared to US$3,023.39 million booked as at March 2017. Foreign liabilities for April 2017 reflected an increase of US$5.79 million to total US$560.51 million. The increase stemmed from a growth in liabilities to the IMF of US$5.79 million. Liabilities to the IMF, which accounted for 100 per cent of total foreign liabilities, increased to a total of US$560.51 million as at the end of April 2017 relative to US$554.72 million recorded in March 2017.

At its current value, the NIR is US$512.97 million more than its total of US$2,335.9 million at the end of April 2016.

The current reserve is able to support approximately 37.93 weeks of goods imports or 21.98 weeks of goods and services import.

The country surpassed the benchmark of US$2.56 billion outlined by the International Monetary Fund (IMF) in the 14th Review and Adjusted Agreement under the Extended Fund Facility (EFF). Jamaica and the IMF have entered into a new agreement to support growth and create jobs with the international body citing, "Jamaica has made good progress under the previous IMF – support program". As such, the entity has approved a new US$1.64 billion loan for the country. According to the IMF, the loan is, "intended as insurance to support the country's ongoing reform program to tackle poverty, create jobs, and improve living standards". The NIR target outlined as per the new agreement for the 2017/18 fiscal year is US$3.02 billion.



Jamaica Monthly Equity Market Report for April 2017

Main JSE Index: 231,419.04 points
Point Movement: 7,585.47 points
Percentage Change: 3.39%

Advance Decline Ratio: Positive
Advancers: 18 **Decliners**: 17
Traded Firm: 41

Junior JSE Index: 3,256.31 points
Point Movement: 259.31 points
Percentage Change: 8.65%

Advance Decline Ratio: Positive
Advancers: 18 **Decliners**: 11
Traded Firm: 3

Major Winners (Main & Junior)		
Stock	**Increase**	**Closing Price**
C2W Music Limited	43.33%	$0.43
ISP Finance Services Limited	38.24%	$17.28
Main Event Entertainment Group Limited	30.41%	$6.39
Major Losers (Main & Junior)		
Stock	**Decrease**	**Closing Price**
Iron Rock Insurance Company Limited	-22.08%	$3.00
Salada Foods Jamaica Limited	-19.15	$6.50
AMG Packaging & Paper Company Limited	-18.85%	$4.95

Total Shares Traded (Main): 177.95 million units
Total value (Main): Approx. $2.36billion

Volume Leaders (Main)		
Stock	**Units Traded**	**Market Volume**
Radio Jamaica Limited	97,488,159	54.79%
Sagicor Group Jamaica Limited	19,457,795	10.93%
Cable & Wireless Jamaica Limited	8,577,297	4.82%

BUY HOLD SELL

Caribbean Cream Ltd. (KREMI)

For year ended February 28, 2017:

BUY

KREMI reported a 4 per cent increase during the quarter totalling $327.92 million compared to $316.55 million in the corresponding period last year. Revenue increased 7 per cent for the financial year (FY), totalling $1.21billion, up $78.6 million from the $1.13 billion recorded in FY2015.

Costs of sales amounted to $755.16 million, an increase of 10 per cent. Nevertheless, gross profit rose 2 per cent or $8.20 million to $458.39 million (FY2015: $450.19 million).

Selling & distribution expenses and administrative expenses increased by 12 per cent and 1per cent, respectively, totaling $47.78 million and $231.79 million correspondingly. Finance cost declined by 25 per cent amounting to $13.41 million.

No taxes were charged for this financial year as such net profit attributable to shareholders increased by 5 per cent from $163.80 million for FY2015 to $172.74 million in FY 2016. For the quarter, the company made a Net Profit of $35.97 million a 34 per cent increase year over year (2015: $26.86 million). Consequently, earnings per share (EPS) amounted to $0.46 for the financial year (FY2015: $0.43).

Seprod Limited (SEP)

For the three months ended March 31, 2017:

HOLD

Revenue totalled $4.25 billion compared to the $3.68 billion recorded for the same period of the prior financial year; this represents a 15.45 per cent increase year over year.

Cost of sales increased by 17.03 per cent from $2.73 billion to $3.19 billion resulting in gross profits increasing by 10.96 per cent to close at $1.06 billion (2016: $954.37 million).

Finance and other operating income totalled $182.77 million relative to $118.07 million in 2017, a 54.80 per cent increase year over year.

Selling expenses increased by 29.65 per cent to close the first quarter of 2017 at $191.61 million (2016: $147.79 million). Administrative expenses for the period climbed by 18.72 per cent to total $593.60 million relative to $499.99 million. As such operating profit grew 7.51per cent, moving from $424.66 million in 2016 to a total of $456.57 million for quarter ended March 31, 2017. Finance costs totalled $69.85 million (2016: $76.34 million); a decrease of 8.50 per cent year over year. Share of results of joint venture recorded a loss of $17.75 million; this led to profit before taxation increasing to $368.97 million in comparison to $338.11 million reported last year.

The company reported net profit of $282.96 million, a growth of 27.58 per cent relative to last year's corresponding period of $221.79 million, following taxation of $86.01million (2016: $116.33 million).

Net profits attributable to shareholders amounted to $293.41 million, a 12.46 per cent improvement year on year from the $260.91 million recorded a year ago.

Earnings per share (EPS) for the quarter totalled $0.57 (2016: $0.51). The twelve months trailing EPS is $2.18. The number of shares used in this calculation was 516,397,918 shares.

Berger Paints Jamaica Ltd. (BRG)

For the year ended March 31, 2017:

SELL

Berger recorded Sales (net of discounts and rebates) in the amount of $2.36 billion, an increase of 15 per cent when compared to that recorded for the comparable period the year prior (2016: $2.05 billion). For the fourth quarter ended March 2017 Sales were up 18.7 per cent closing the period at $449.70 million (2016: $378.79 million).

Raw material and consumable amounted to $1.08 billion, 9 per cent more than the $988.49 million in 2016, while manufacturing expense grew by 6 per cent to total $116.46 million relative to $109.73 million in 2016.

The company recorded employee benefits of $481.22 million a 1 per cent increase over the $475.36 million reported in 2016.

Other operating expense totalled $322.17 million (2016: $341.21 million); other income closed at $6.52 million (2016: $1.30 million).

As a result profit before finance cost and taxation totalled $365.69 million relative to $142.85 million reported in 2016, this represents a 156 per cent increase.

Berger reported no finance cost for the financial year 2017 while finance cost for 2016 was $961,000. Taxation for the 2017FY amounted to $50.13 million 154 per cent more than the $19.75 million paid in 2016FY.

Consequently, net profit totalled $315.56 million compared to a profit of $122.14 million the prior year, this represents a 158 per cent year over year increase. For the fourth quarter of 2017 net profit amounted to $65.03 million 447.8 per cent higher than the $11.87 million reported for the same period of 2016.

Earnings per share (EPS) for the year ended March 2017 amounted to $1.47 relative to $0.57 in 2016. For the fourth quarter ended March 2017 EPS was $0.30 (2016: $0.06). The TTM EPS is $1.47

Rating System

BUY: We believe the stock is attractively valued. The company has sound or improving fundamentals that should allow it to outperform the broader market. We anticipate that the stock will outperform the market over the next 12 months. The risk factors to achieving price targets are minimal.

HOLD: We believe the stock is fairly valued at the current price. The company may have issues affecting fundamentals that could take some time to resolve. Alternatively, company fundamentals may be sound, but this is fully reflected in the current stock price. The risk factors to achieving price targets are moderate. Some volatility is expected. In addition, technically, it may be difficult to attain additional volume of the stock(s) at current price.

SELL: We believe the stock is overpriced relative to the soundness of the company's fundamentals and long-term prospects.

SPECULATIVE BUY: We believe the prospect for capital appreciation exists, however, there is some level of uncertainty in revenue growth.