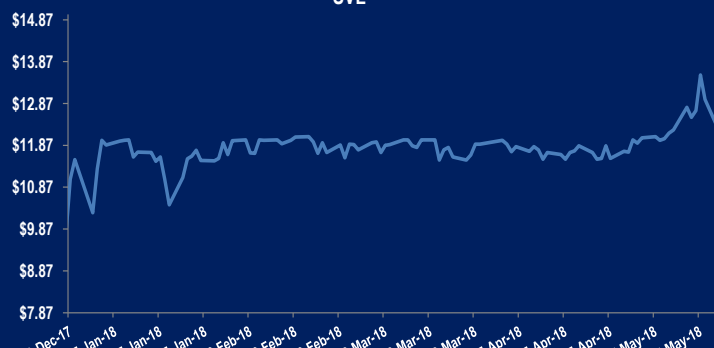


## DAILY MARKET SUMMARY

LOCAL STOCK MARKET: (J\$) <sup>+</sup>

| Stock Symbol              | KW    | CAC    | SGJ   | CCC    | SVL       |
|---------------------------|-------|--------|-------|--------|-----------|
| Current Price (\$)        | 48.44 | 8.70   | 50.21 | 38.58  | 12.52     |
| Trailing EPS (\$)         | 1.16  | 0.78   | 4.31  | 1.20   | 0.53      |
| P/E (times)               | 41.62 | 11.19  | 11.65 | 32.15  | 23.59     |
| Projected P/E             | 38.12 | 11.65  | 11.31 | 10.54  | 18.32     |
| Projected EPS (\$)*       | 1.27  | 0.75   | 4.44  | 3.66   | 0.68      |
| Book Value per share (\$) | 16.40 | 3.26   | 33.71 | 10.93  | 1.22      |
| Price/Book Value (times)  | 2.95  | 2.67   | 1.49  | 3.53   | 10.28     |
| Dividend Yield (2018 %)   | N/A   | N/A    | 0.96% | N/A    | 3.99%     |
| Volumes                   | 3,570 | 16,783 | 763   | 23,652 | 3,202,706 |
| Recommendation            | SELL  | BUY    | HOLD  | BUY    | HOLD      |

SVL



## STOCK OF THE DAY: Supreme Ventures Limited (SVL)

## For the three months ended March 31, 2018:

Supreme Ventures Limited (SVL) reported a 14% increase in Revenues to total \$15.29 billion, up from \$13.39 billion in 2017 representing the best results for the first quarter in the history of Group's operation. Revenues from the company's segments were as follows:

- Lottery - \$10.98 billion (2017: \$10.44 billion)
- Sports Betting - \$248.07 million (2017: \$156.72 million)
- Horseracing - \$1.57 billion (2017: \$328.09 million)
- Gaming & Hospitality - \$80.67 million (2017: \$114.13 million)
- Pin codes - \$2.39 billion (2017: \$2.35 billion)
- Unallocated - \$5.78 million (2017: \$3.69 million)

Direct Expenses increased by 12%, amounted to \$13.57 billion (2016: \$12.17 billion). As a result, Gross Profits increased by 40% from \$1.22 billion for the first quarter of 2017 to \$1.71 billion in 2018.

Operating Expenses rose by 34% for the period to \$903.05 million relative to \$673.54 million in 2017. The Company noted the increase was mainly influenced by, "three months of Caymanas Park (SVREL) operations in 2018, compared against only one month in 2017. The Group's operating expense ratio (operating expenses as a percentage of revenue) remained relatively flat at 5.4%, which is reflective of improved operating efficiencies."

As such, Profit from Operations grew year over year to total \$809.96 million in contrast to the \$548.52 million recorded last year, a 48% improvement. Interest Income declined by 7% to \$16.97 million (2017: \$18.31 million).

Finance Costs grew by 76% to \$15.49 million (2017: \$8.78 million) comprising of interest charges relating to the funding of the acquisition and development of the Caymanas Park operations, which include a finance lease arrangement.

Profit before Taxation from continuing Operations amounted to \$810.42 million in 2018, moving from \$556.62 million in 2017.

After deducting \$192.01 million in taxes (2017: \$140.71 million), Net Profit amounted to \$618.41 million, a 48% increase on the \$415.34 million recorded in the first three months of 2017.

## FOREIGN EXCHANGE MARKET TRADING SUMMARY \*

|      | PURCHASE RATE |         |              | SALES RATE |         |              |
|------|---------------|---------|--------------|------------|---------|--------------|
|      | Highest       | Lowest  | Weighted     | Highest    | Lowest  | Weighted     |
|      |               |         | Average Rate |            |         | Average Rate |
| USD  | 127.650       | 100.420 | 125.2435     | 135.470    | 101.450 | 127.0052     |
| CAN  | 101.000       | 72.970  | 98.6199      | 110.840    | 76.510  | 99.6399      |
| GBP  | 175.500       | 121.240 | 167.6142     | 189.990    | 162.000 | 169.9224     |
| EURO | 146.000       | 107.010 | 142.6791     | 170.080    | 122.900 | 149.4684     |

\*Rates as at May 22 2018

## MONEY MARKET

The Jamaican dollar fixed income market was liquid in today's (May 24, 2018) trading session. The over night rates were quoted around 1.40% while the 30-day rates stood between 2.25% - 2.45%.

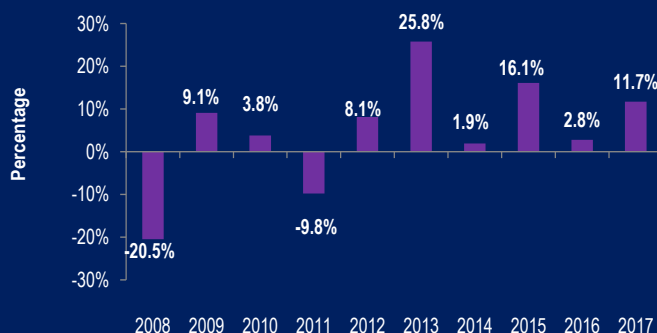
The US dollar fixed income market was also liquid during today's (May 24, 2018) trading session; The overnight market rates were quoted 1.00% while the 30-day market rates stood between 1.20% - 1.40%.

## OVER THE COUNTER FUNDS (CI FUNDS)

## CI International Value Corporate Class

This fund's objective is to obtain maximum long-term capital growth. It invests primarily in equity and equity-related securities of companies whose primary operations are outside of North America. The fund may make significant investments in any country including emerging markets and emerging industries of any market. The fund has a 3 year return of 6.6% and a 5 year return of 10.1% as at March 31, 2018. The Fund also has a 6 month return of 2.5%.

Fund Yearly Return



U.S. stocks dropped on Thursday after President Donald Trump canceled a planned summit with North Korean leader Kim Jong Un, while a slide in oil prices and bank stocks also weighed as investors grappled with fresh U.S. protectionist plans. Trump said he canceled a June 12 summit “based on the tremendous anger and open hostility” in Kim’s recent statement. The move came after North Korean media reported earlier that the country had blown up tunnels at its nuclear test site, which had raised the possibility of the summit. Trump on Wednesday ordered a national security probe into car and truck imports that could lead to new tariffs, with China calling the move an “abuse” of the clauses and saying it would defend its interests. The decision added to jitters over the prospects of trade negotiations with China, reignited after Trump called for “a different structure” to any trade deal. “The markets are adjusting now with lots of uncertainties, with China, North Korea, (and the prospect of) a trade war that could spill over to other parts of the economy and the world,” said Adam Sarhan, chief executive of 50 Park Investments in New York. At 10:03 a.m. EDT the Dow Jones Industrial Average .DJI was down 129.77 points, or 0.52 percent, at 24,757.04, the S&P 500 .

<https://www.reuters.com/article/us-usa-stocks/wall-street-drops-as-trump-cancels-north-korea-meet-adds-to-tariff-fears-idUSKCN1IP1T5>

## PLATINUM PORTFOLIO

| Platinum Portfolio Yield Measures as at May 21, 2018 |                |
|--|----------------|
|  | Percentage (%) |
| Yield to Maturity                                    | 5.72           |
| Weighted Average Coupon                              | 5.498          |
| Current Yield  | 5.41           |

The platinum portfolio has an effective maturity of 12.39years and duration of 4.30years.

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## MIL Ratings 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 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 prospects for capital appreciation exist, however there is some level of uncertainty in revenue growth.

Source: [www.jamstockex.com](http://www.jamstockex.com), [www.bloomberg.com](http://www.bloomberg.com), [www.investopedia.com](http://www.investopedia.com), [www.tradewire.com](http://www.tradewire.com)

Already facing a likely growth slowdown, the euro zone risks a sudden tightening of financial conditions next month should banks across the bloc use the opportunity to repay billions of euros in cheap loans taken from the European Central Bank. Such repayments could in turn boost the euro and the bloc’s borrowing costs, an unwelcome development for policymakers after data this week signaled economic growth probably failed to pick up in the second quarter of the year. June brings the first early repayment date for almost 400 billion euros (\$471 billion) of targeted long-term refinancing operations (TLTROs), designed by the European Central Bank to encourage lending to the real economy. A first series of TLTROs was launched in 2014, and a second in 2016. They provided banks with interest-free funding and even the possibility of a rebate if they lent the cash on to businesses and households. The loans had a four-year maturity, with a quarterly option to repay early from two years after the loan was taken out. Early repayments for the first series of TLTROs fell due in 2016 and most of those loans were rolled over into the second series, analysts said. According to Swedish bank Nordea, early TLTRO repayments in June could top 110 billion euros. Other banks’ estimates put the expected figure for next month in the region of 100 billion euros. The ECB declined to comment on repayment expectations.

<https://www.reuters.com/article/us-eurozone-tltros-ecb-analysis/early-ecb-bank-loan-repayments-loom-threaten-to-raise-borrowing-costs-idUSKCN1IP2NR>

## STRUCTURED PRODUCT

### Mayberry Individual Retirement Plan (IRP)

IRP is a Retirement Scheme for all persons who are self employed or are employed in non-pensionable positions and do not otherwise contribute to an approved Superannuation Fund or another approved Retirement Scheme. The IRP will help some people make substantially greater contributions than they might otherwise make.

