

DAILY RECOMMENDATION



LOCAL STOCK MARKET: (JS) +

| Stock Symbol | CAC | SEP | SJ | VMIL | SVL |
|---------------------------|-------|-------|--------|---------|--------|
| Current Price (\$) | 9.04 | 46.00 | 39.19 | 3.25 | 16.05 |
| Trailing EPS (\$) | 0.95 | 1.68 | 2.99 | 0.20 | 0.50 |
| P/E (times) | 9.50 | 27.41 | 13.09 | 16.23 | 31.83 |
| Projected P/E | 9.13 | 26.53 | 12.39 | 13.74 | 20.69 |
| Projected EPS (\$)* | 0.99 | 1.73 | 3.16 | 0.24 | 0.78 |
| Book Value per share (\$) | 3.76 | 18.62 | 17.62 | 1.66 | 1.08 |
| Price/Book Value (times) | 2.40 | 2.47 | 2.22 | 1.96 | 14.83 |
| Dividend Yield (2018 %) | 0.88% | 1.09% | 1.68% | 0.62% | 4.05% |
| Volumes | 7,000 | NIL | 18,371 | 135,800 | 29,277 |
| Recommendation | BUY | SELL | HOLD | HOLD | SELL |

FOREIGN EXCHANGE MARKET TRADING SUMMARY *

| | PURCHASE RATE | | | SALES RATE | | |
|------|---------------|---------|--------------|------------|---------|--------------|
| | Highest | Lowest | Weighted | Highest | Lowest | Weighted |
| | | | Average Rate | | | Average Rate |
| USD | 138.200 | 100.000 | 135.6039 | 147.370 | 106.200 | 136.9068 |
| CAN | 119.640 | 74.770 | 103.1958 | 120.000 | 96.000 | 104.2479 |
| GBP | 180.150 | 153.800 | 176.9528 | 206.220 | 167.000 | 178.9099 |
| EURO | 156.200 | 114.750 | 152.5437 | 161.700 | 152.000 | 157.8901 |

*Rates as at September 11, 2018

MONEY MARKET

The Jamaican dollar fixed income market was liquid in today's (September 12, 2018) trading session. The overnight rate stood at 0.85% while the 30-day rate ranged between 1.50% and 1.60%.

The US dollar fixed income market was also liquid during today's (September 12, 2018) trading session; The overnight market rates were quoted at 1.20% while the 30-day market rates stood at 1.60% to 1.80%.



STOCK OF THE DAY: Sagcor Group Jamaica Limited (SJ)

For the six months ended June 30, 2018: -

Total Revenues increased by 7% to \$32.02 billion from \$30.01 billion in 2017, while for the second quarter Total Revenues improved 8% to total \$16.20 billion compared to \$14.93 billion in 2017. Total revenue year to date was broken down as follows;

Net premium revenue increased by 6% to a total of \$18.45 billion compared to \$17.41 billion last year.

Net Investment Income declined to \$7.83 billion from \$8.64 billion in 2017, an 9% decline. Fees and other revenue went up 44% to \$5.74 billion from \$3.97 billion in 2017.

Benefits and Expenses totalled \$25.63 billion for the period, inching up by 10% from \$23.26 billion, while for the second quarter Benefits and Expenses were up 20% to close at \$13.09 billion relative to \$10.95 billion in 2017. Of this Benefits and Expenses:

Net insurance benefits incurred increased by 20% to close at \$12.70 billion (2017: \$10.54 billion). Changes in insurance and annuity liabilities rose by 21% to total \$564.30 million relative to \$465.34 million in 2017.

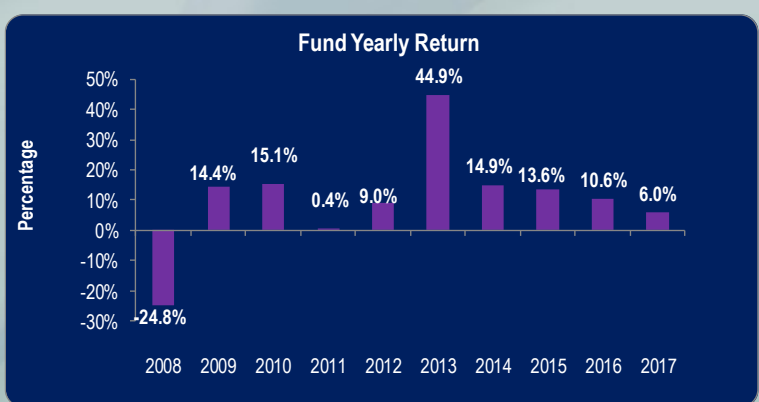
Share of profit from joint venture amounted to \$15.57 million relative to \$16.53 million a year prior. Share of profit from associate for the period totalled \$223.20 million compared to \$233.13 million last year. As such, Profit before Taxation amounted to \$6.63 billion, a 5% reduction when compared to the \$7.01 billion booked in 2017.

Earnings per share (EPS) for the quarter amounted to \$0.676 (2017: \$ 0.783), while EPS for the period totalled \$1.35 relative \$1.45 in 2017. The twelve-month trailing EPS amounted to \$2.99. The number of shares used in our calculations amounted to 3,905,634,918 units. SJ's stock last traded on August 15, 2018 at \$37.67.

OVER THE COUNTER FUNDS (CI FUNDS)

CI American Small Companies Fund

This fund's objective is to seek above-average capital growth. It invests primarily in equity and equity-related securities of small to mid-capitalization North American companies. The fund has a 3 year return of 8.9% and a 5 year return of 13.6% as at August 31, 2018. The Fund also has a 10 year return of 10.1%.



*Prices are as at September 12, 2018 *Projections are made to the company's financial year end

U.S.: Florence to Batter U.S. Data But Harm to Economy Likely Small

“The economic impact of Hurricane Florence is unlikely to be large but could muddle U.S. data for months, judging from past experience. Last year, Hurricanes Harvey and Irma constrained activity in the third quarter of 2017 and sparked rebuilding later in the year and well into 2018, making it hard to get an accurate and timely assessment of the impact on quarterly gross domestic product growth. That will be a challenge again with Florence, forecast to be the worst storm to hit North Carolina in 64 years, and the storm season is far from over. Data on employment, consumer spending and manufacturing may also become trickier to analyse as economists gauge impacts of tax cuts and a trade war. “The first place you’ll likely see it is in initial jobless claims,” Ryan Sweet, an economist at Moody’s Analytics Inc. in West Chester, Pennsylvania, said in reference to Florence. At the same time, major storms’ effects on the broader economy tend to be “pretty small, on aggregate.”

<https://www.bloomberg.com/news/articles/2018-09-12/florence-to-batter-u-s-data-but-harm-to-economy-likely-small>

Asia: China Bank Lending Slowed in August as Bond Issuance Surges

“China’s broadest measure of new credit expanded as companies issued more debt, though the expansion in new bank loans slowed, showing that banks are still cautious about extending credit and taking on risk. China’s credit growth has been sluggish for months as a multi-year campaign to slow debt growth squeezed shadow banking and hurt people’s appetite for risk. As the trade conflict with the U.S. intensifies, policy makers have loosened monetary policy and eased regulatory requirements on banks to encourage lending. August’s credit data is “up arrow overall” but the risk appetite remains low, and the rising bill financing indicates banks are reluctant to lend, while slower M1 growth suggests companies’ willingness to invest is low, said Xia Le, chief Asia economist at BBVA Hong Kong. “Monetary policy is in transition to an easier bias. Credit growth will see greater support in coming months.” Sales of short-term bills by non-financial companies surged to the highest since February 2009. “Bill financing as short-term funding is often used to meet banks’ credit quota when the target isn’t being met, but its credit expansion in the real economy is less than other forms of lending”, Xia said.”

<https://www.bloomberg.com/news/articles/2018-09-12/china-s-funding-to-economy-rises-in-august-on-policy-support?srnd=economics-vp>

PLATINUM PORTFOLIO

| Platinum Portfolio Yield Measures as at September 10, 2018 | |
|--|----------------|
| | Percentage (%) |
| Yield to Maturity | 5.93 |
| Weighted Average Coupon | 5.60 |
| Current Yield | 5.79 |

The platinum portfolio has an effective maturity of 15.60 years and duration of 5.74 years.

STRUCTURED PRODUCT

Mayberry Managed Equity Portfolio (MMEP)

We offer a managed equity portfolio for both institutions and individuals. The MMEP is a full discretionary managed portfolio of a diversified group of stocks. The stocks included in the portfolio represent Mayberry’s top recommended stocks. Persons who find it difficult to manage their equity portfolios on a day to day basis should consider the MMEP. Further, the MMEP is for individuals and institutions who would like to pursue a medium to long term equity strategy.

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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, www.bloomberg.com, www.investopedia.com, www.tradewire.com

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