

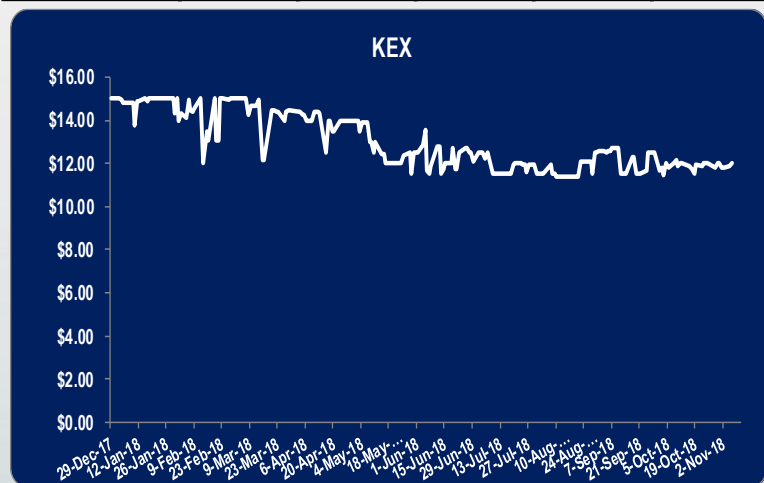
# MAYBERRY INVESTMENTS LIMITED

## DAILY RECOMMENDATION



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

Stock Symbol	JETCON	SALF	JMMBGL	CCC	KEX
Current Price (\$)	3.81	21.10	32.64	43.11	12.00
Trailing EPS (\$)	0.28	1.36	2.38	0.76	0.42
P/E (times)	13.84	15.51	13.74	56.76	28.71
Projected P/E	12.88	13.58	12.64	32.66	23.43
Projected EPS (\$)*	0.30	1.55	2.58	1.32	0.51
Book Value per share (\$)	0.82	8.04	15.48	12.05	1.43
Price/Book Value (times)	4.64	2.62	2.11	3.58	8.40
Dividend Yield (2018 %)	0.92%	2.37%	0.83%	N/A	0.58%
Volumes	343,605	466	25,600	16,795	13,870
Recommendation	BUY	BUY	HOLD	SELL	HOLD



### STOCK OF THE DAY: Knutsford Express Services Limited (KEX)

#### For the three Months ended August 31, 2018:

Knutsford Express Services Limited reported total revenue of \$292.93 million, a 23.5% or \$55.65 million increase when compared with the \$237.28 million reported for the same period in 2017. KEX noted, "this was due to strong customer demand for passenger travel."

Administrative and general expenses grew 16% for the quarter to total \$204.01 million (2017: \$175.81 million). This resulted in gross profits of \$88.92 million for the quarter compared to the \$61.47 million for the same period a year ago, a 44.7% increase.

Finance costs increased 29.1% to \$6.55 million for the period from \$5.07 million for 2017.

In addition, finance income rose from \$178,009 in 2017 to \$5.63 million in 2018. The company will be contacted for further insight on this huge increase.

As such Profit before taxation for the period amounted to \$88 million, relative to \$56.58 million reported in 2017, a 55.5% increase. No taxes were incurred this year as a result of Junior Market Tax holiday. Consequently, net profit also amounted to \$88 million, representing a 55.5% increase over net profit after tax last year of \$56.58 million.

Earnings per share (EPS) for the quarter amounted to \$0.176 (2017: \$0.113). The twelve-month trailing EPS amounted to \$0.42. The number of shares used in our calculations is 500,000,015. Notably, KEX's stock price closed the trading period on October 12, 2018 at a price of \$12.00

KEX added, "Our digitization efforts with increased use of our apps and online booking platform have made us more accessible as we strive to continue satisfying our customers. We were able to increase the seats in our reservation centre facilitating more passenger travel. Both channels have served to boost earnings and profits in the first quarter."

\*Prices are as at November 07, 2018 \*Projections are made to the company's financial year end

### FOREIGN EXCHANGE MARKET TRADING SUMMARY \*

	PURCHASE RATE			SALES RATE		
	Highest	Lowest	Weighted	Highest	Lowest	Weighted
			Average Rate			Average Rate
USD	129.300	98.830	126.6183	142.000	100.000	127.6053
CAN	100.000	78.880	93.6560	112.000	84.110	95.9950
GBP	166.000	136.000	161.7777	193.000	161.000	166.6353
EURO	159.000	111.840	138.2650	147.980	141.300	146.1408

\*Rates as at November 06, 2018

### MONEY MARKET

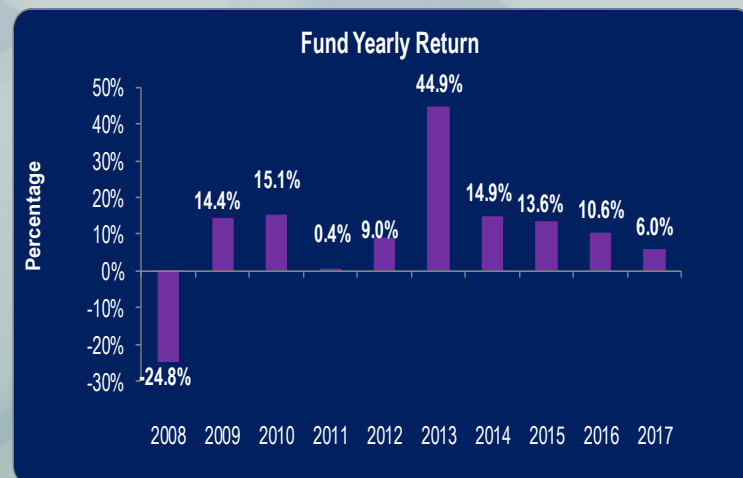
The Jamaican dollar fixed income market was liquid in today's (November 07, 2018) trading session. The overnight rate stood at 1.00% to 1.40%, while the 30-day rate ranged between 1.80% and 2.00%.

The US dollar fixed income market was also liquid during today's (November 07, 2018) trading session; The overnight market rates were quoted at 1.50% while the 30-day market rates stood at 1.80% to 2.10%.

### 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 8.4% and a 5 year return of 12.1% as at September 30, 2018. The Fund also has a 10 year return of 10.8%.



## ■ U.S: Stocks Climb as Investors Cheer on U.S. Gridlock: Markets Wrap

"U.S. equity futures jumped, the dollar dropped, and Treasuries climbed as investors seemed to cheer on an outlook for political gridlock in the wake of the American mid-term elections. Risky assets were in favour after results showed Democrats winning control of the House of Representatives and Republicans holding on to the Senate. The outcome dims chances for any more tax cuts or other major fiscal initiatives from the administration that might have pushed yields higher. Overall, investors are betting that the election results won't do much to disrupt an economy growing at a healthy 3 percent clip. The outcome largely matched polling going into the vote, and its likely investors will now refocus their attention on other issues. The biggest macro theme remains the trade war after recent warnings from major names including the IMF's Christine Lagarde and former U.S. Treasury Secretary Hank Paulson. Meanwhile, the Italian government is holding a confidence vote Wednesday, the Federal Reserve is set to decide interest rates Thursday, and Theresa May is pushing on with efforts to agree a Brexit deal. Elsewhere, European stocks rallied, and Asian shares were mixed. Shares of Spanish banks surged after they escaped paying billions of euros in back taxes. The euro rallied as data showed German industrial output picked up steam in September."

<https://www.bloomberg.com/news/articles/2018-11-06/asia-stocks-to-start-mixed-before-u-s-poll-result-markets-wrap?srnd=economics-vp>

## ■ PLATINUM PORTFOLIO

### Platinum Portfolio Yield Measures as at November 05, 2018

	Percentage (%)
Yield to Maturity	6.13
Weighted Average Coupon	5.548
Current Yield	6.13

The platinum portfolio has an effective maturity of 13.04 years and duration of 4.27 years.

## ■ DISCLAIMER

**Analyst Certification** -The views expressed in this research report accurately reflect the personal views of Mayberry Investments Limited Research Department about those issuer (s) or securities as at the date of this report. Each research analyst (s) also certify that no part of their compensation was, is, or will be, directly or indirectly, related to the specific recommendation (s) or view (s) expressed by that research analyst in this research report.

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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)

## ■ Asia: China Turns to Russia in Search to Replace U.S. Soybeans

"In the search to replace U.S. soybeans, China is turning to Russia. Russia plans to increase production of soybeans in the Far East for deliveries to China, Prime Minister Dmitry Medvedev told reporters in Beijing. The two countries are also planning to work more closely on other agriculture products, including rice, pork, poultry, fish, and to develop logistics. While Russia is a tiny supplier of soybeans, the move shows one of the effects of the U.S. trade war is closer Chinese and Russian ties. China has also been looking to diversify its sources of food as part of a broader Belt and Road initiative that's backed by hundreds of billions of dollars for infrastructure projects. "We can expect an increase in exports from Russia to China, but it will not skyrocket," said Laurent Crastre, an oilseed analyst with French agriculture consultancy Strategie Grains. "It will be one more option they will have to source soybeans." As the U.S. and China are waging a trade war, "a certain part of the soy market has been made available. We agreed with the Chinese partners to hold a more active presence in this particular segment," he said. Russia's soybean production has been expanding for the past decade. Farmers are expected to reap a record 3.9 million tons in the 2018-19 season, with exports of 700,000 tons, the U.S. Department of Agriculture forecasts. Still, that's dwarfed by shipments from the world's top shippers. Brazil is expected to sell 75 million tons abroad this season."

<https://www.bloomberg.com/news/articles/2018-11-07/china-turns-to-russia-in-search-to-replace-u-s-soybeans?srnd=economics-vp>

## ■ 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.

OVER 20 YEARS OF EXPERIENCE + CUTTING EDGE MARKET RESEARCH

= POSITIVE TRANSFORMATION FOR OUR CLIENTS

MANAGED FUND SOLUTIONS • CURRENCY SOLUTIONS • GLOBAL INVESTING SOLUTIONS • RETIREMENT PLANNING SOLUTIONS



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**MAYBERRY**  
INVESTMENTS LIMITED  
A Member of the Jamaica Stock Exchange

1 1/2 Oxford Road, Kingston 5, Jamaica. ☎ (876) 929 1908 – 9  
[research@mayberryinv.com](mailto:research@mayberryinv.com) ☎ [sales@mayberryinv.com](mailto:sales@mayberryinv.com) ☎ [www.mayberryinv.com](http://www.mayberryinv.com)