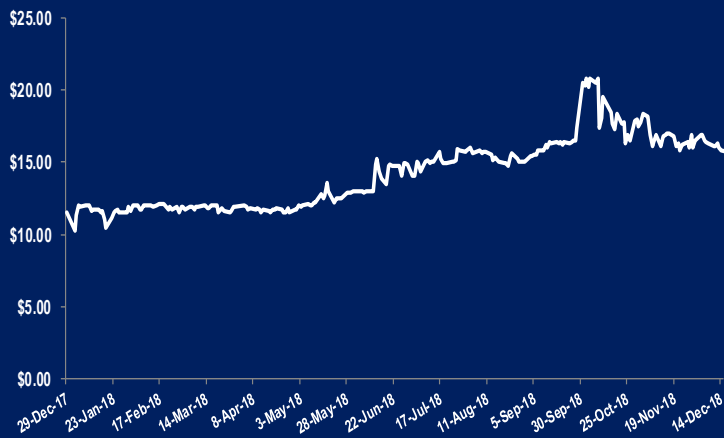


## DAILY RECOMMENDATION

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

Stock Symbol	SVL	DCOVE	FOSRICH	SEP	ISP
Current Price (\$)	14.92	15.82	4.03	30.69	20.00
Trailing EPS (\$)	0.53	0.81	0.21	1.44	0.44
P/E (times)	28.32	19.53	19.58	21.27	45.88
Projected P/E	18.87	11.91	17.96	12.87	46.51
Projected EPS (\$)*	0.79	1.33	0.22	2.38	0.43
Book Value per share (\$)	1.11	9.47	1.35	14.66	2.98
Price/Book Value (times)	13.44	1.67	2.98	2.09	6.72
Dividend Yield (2018 %)	5.43%	3.79%	N/A	3.10%	N/A
Volumes	144,806	570	56,992	73,697	NIL
Recommendation	HOLD	BUY	HOLD	BUY	SELL

SVL



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

For the nine months ended September 30, 2018:

Supreme Ventures Limited (SVL) for the nine months ended September 30, 2018 reported a 12% in revenues to \$46.32 billion, up from \$41.24 billion in 2017. Notably, "with the adoption of IFRS 15 (Revenue from contracts with customers), the sale of PIN codes is no longer classified as revenue, but the net commission is classified as other income" the Company noted. For the third quarter revenues amounted to \$15.38 billion relative to \$13.87 billion in 2017. Revenues from the company's segments were as follows:

Lottery - \$32.98 billion (2017: \$29.75 billion), a 11% increase. SVL noted, "Lottery games continue to show a strong growth trend, driven by the successful deployment of marketing and retail initiatives. Major promotional activities for the year to date include Mega Pot, Mega Cup and Cash Pot in The Streets."

Sports Betting - \$839.59 million (2017: \$516.37 million) a 63% climb. This has "benefitted from the execution of key initiatives and the JustBet Goal Rush World Cup campaign momentum," stated SVL.

Gaming & Hospitality - \$7.62 billion (2017: \$281.04 million) a significant surge. The company highlighted that "this was due to increased customer activity".

Horsereading - \$4.62 billion (2016: \$3.27 billion). The company noted, "management is focused on consistent delivery of an improved product to maintain the momentum achieved. The segment incurred a loss for the period, particularly resulting from increased expenditure on necessary repairs and maintenance. The Amote platform was officially launched in July 2018 and fully integrated in SVREL operations, which represents a significant investment in the infrastructure and earning potential of the segment."

Direct expenses recorded an increase to close the period at \$41.59 billion when compared to \$37.07 billion for the same period of 2017. SVL mentioned that, "There was 12% statutory fees to the Government of Jamaica, totalling \$4.12 billion for the period under review."

As such, gross profit for the period improved 14% to \$4.73 billion (2017: \$4.17 billion). For the quarter gross profit amounted to \$1.57 billion, 10% higher versus \$1.43 billion booked for the corresponding quarter of 2017. SVL added that this was "attributed to higher amounts for key Lottery products, Horse racing, VLT and Sport Betting. PIN codes are no longer reported in Gross profits in 2018 unlike 2017."

Net foreign exchange loss of \$16.15 million was recorded for the period compared to a loss of \$3.18 million booked in 2017. SVL reported \$157.52 million for "Other gains" during the period compared to \$3.74 million in 2017. Thus, Profit before Taxation amounted to \$2.05 billion, up from \$1.77 billion of last year.

Net Profit after tax amounted to \$1.52 billion, a 15% increase from the \$1.33 million recorded for the nine months ended September 30, 2017, subsequent to taxes of \$32.04 million (2017: \$445.58 million). Net profit for the third quarter totalled \$468.87 million relative to \$409.22 million in 2017, a 15% uptick.

\*Prices are as at December 21, 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	131.000	94.440	127.0686	148.090	103.020	128.7132
CAN	98.500	70.020	96.1563	107.910	89.000	96.9667
GBP	164.000	119.650	160.5458	183.410	153.000	164.6764
EURO	146.352	103.190	142.0962	169.760	138.800	149.4553

\*Rates as at December 20, 2018

## MONEY MARKET

The Jamaican dollar fixed income market was liquid in today's (December 21, 2018) trading session. The overnight rate stood at 1.25% to 1.80% while the 30-day rate ranged at 1.50% to 2.00%.

The US dollar fixed income market was also liquid during today's (December 21, 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 Managers 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 believed to have good growth potential. These companies are located in countries that have signed the North American Free Trade Agreement (NAFTA), or its successor. These countries currently include the United States, Canada and Mexico, but may also include countries that become members of NAFTA in the future. The fund has a 3 year return of 6.1% and a 5 year return of 9.4% as at November 30, 2018. The Fund also has a 10 year return of 11.7%.

Fund Yearly Return



## ■ U.S: U.S. Business-Equipment Orders Show Third Drop in Four Months

“Orders placed with U.S. factories for business equipment fell in November, missing forecasts for an increase and adding to signs that demand is slowing amid risks from the trade war with China. Non-military capital-goods orders excluding aircraft -- a proxy for business investment -- dropped 0.6 percent, after an upwardly revised 0.5 percent increase the prior month, Commerce Department figures showed Friday. The Bloomberg survey median called for a 0.2 percent gain. Bookings for all durable goods, a broader measure of items meant to last at least three years, rebounded by less than expected. The third decline in four months for business-equipment orders may add to concern -- reflected in plunging stock markets -- that corporate investment and factory activity are at risk of slipping into a more pronounced slowdown. The tumble in oil prices may also be weighing on energy-industry spending. Figures used to calculate gross domestic product also showed a loss of momentum: Shipments of non-military capital goods excluding aircraft fell 0.1 percent, also missing estimates for a gain, after an upwardly revised increase.”

<https://www.bloomberg.com/news/articles/2018-12-21/u-s-business-equipment-orders-show-third-drop-in-four-months?srnd=economics-vp>

## ■ PLATINUM PORTFOLIO

Platinum Portfolio Yield Measures as at December 17, 2018	
	Percentage (%)
Yield to Maturity	6.37
Weighted Average Coupon	5.57
Current Yield	6.03

The platinum portfolio has an effective maturity of 12.82 years and duration of 4.15 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.

**Company Disclosure** -The information contained herein has been obtained from sources believed to be reliable, however its accuracy and completeness cannot be guaranteed. You are hereby notified that any disclosure, copying, distribution or taking any action in reliance on the contents of this information is strictly prohibited and may be unlawful. Mayberry may effect transactions or have positions in securities mentioned herein. In addition, employees of Mayberry may have positions and effect transactions in the securities mentioned herein.

### 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)

## ■ Europe: U.K. Current Account Deficit Widens; Business Investment Falls

“The U.K. current-account deficit stood at its highest in two years in the third quarter, raising fresh questions about its sustainability as Britain faces the prospect of a chaotic exit from the European Union in less than 100 days. The gap grew for a third straight quarter to 26.5 billion pounds (\$33.6 billion), the equivalent of 4.9 percent of gross domestic product. The Office for National Statistics left its estimate of GDP growth at 0.6 percent as consumers made up for another fall in business investment and a negligible contribution from trade. Brexit has put the current account back in the spotlight, with economists questioning the willingness of foreign investors to keep financing the deficit by buying British assets after Britain leaves the EU. The gap widened from 20 billion pounds in the second quarter as the trade deficit hit a two-year high and the shortfall in investment income reached the highest since the second quarter of 2016. Sharp negative revision to trade deficit means net trade contributed just 0.1 percentage point to economic growth in the third quarter, rather than 0.8. The economy grew 1.5 percent from a year earlier. But signs are pointing to a significant economic slowdown, with the Bank of England predicting growth of around 0.2 percent this quarter.”

<https://www.bloomberg.com/news/articles/2018-12-21/u-k-current-account-deficit-widens-business-investment-falls?srnd=economics-vp>

## ■ STRUCTURED PRODUCT

### Mayberry Gold

This portfolio is ideal for investors, both retail and corporate, seeking a conservative, short-term investment. The securities in the Gold are directly owned by the client and provide them with a safe investment option. Our Gold portfolio can also provide investors with coupon payments that can generate a positive income stream.