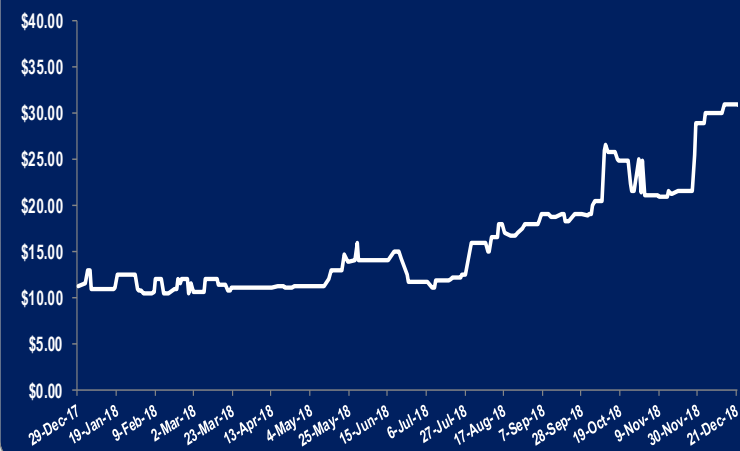


DAILY RECOMMENDATION

LOCAL STOCK MARKET: (J\$) ⁺

Stock Symbol	SJ	SALF	JSE	LASD	KPREIT
Current Price (\$)	37.47	35.00	10.26	3.89	6.00
Trailing EPS (\$)	3.02	2.11	0.52	0.30	0.20
P/E (times)	12.39	16.55	19.72	12.85	29.41
Projected P/E	11.85	15.25	17.33	12.06	30.90
Projected EPS (\$)*	3.16	2.29	0.59	0.32	0.19
Book Value per share (\$)	18.79	9.04	1.45	1.44	5.62
Price/Book Value (times)	1.99	3.87	7.06	2.70	1.07
Dividend Yield (2018 %)	3.20%	3.00%	2.92%	3.01%	1.25%
Volumes	48,381	9,396	427,320	135,566	NIL
Recommendation	BUY	BUY	HOLD	BUY	SELL

SALF



STOCK OF THE DAY: Salada Foods Jamaica Limited (SALF)

For the year ended September 30, 2018:

Salada Foods, recorded a 19% increase in turnover to close at \$1.04 billion (2017: \$871.73 million). For the fourth quarter revenue amounted to \$292.79 million (2017: \$258.94 million), a 13% rise.

SALF also noted that, "domestic sales continue to perform well, growing by 16.7% above prior year as we deepen our penetration in existing channels and access new ones. Sales to the trade through our distribution partner Lasco was \$655M, 13% above prior year. Export sales also did well, as both the Canadian and Barbadian market performed, growing year on year by 440% and 220% respectively. Our contract packaging sales grew 35% above last year."

Cost of sales for the year increased by 8% to close the period at \$641.54 million relative to \$595.48 million in 2017. As such, gross profit amounted to \$399.96 million, a 45% increase year over year from the \$276.25 million booked in the prior year. Gross profit for the quarter posted a 75% growth to close at \$107.16 million relative to \$61.18 million booked for the comparable quarter in 2017.

Administrative expenses fell by 43% to \$84.98 million (2017: \$148.86 million). Also, selling and promotional expense increased by 37% from \$32.76 million in 2017 to \$44.90 million. Management stated that, "The launch of the MB876 and other marketing activities pushed selling and promotional expenses up 37.3% or \$12.14M above prior year". SALF also incurred other operating expenses in 2017 amounting to \$14.59 million relative to nil in 2018.

Consequently, this resulted in an operating profit of \$270.07 million, up 237% compared with the \$80.05 million reported for the prior year. Operating profit for the fourth quarter surged to \$105.18 million (2017: \$4.27 million).

The company reported net finance income of \$20.64 million for the period; this compares to the net finance income of \$7.46 million for the same period in 2017. Profit before taxation increased by 232% to \$290.71 million versus \$87.51 million booked for the previous year.

Net profit climbed significantly by 219%, from \$68.69 million in 2017 to \$219.18 million following taxation of \$71.53 million (2017: \$18.82 million). Net profit for the quarter rose to \$82.32 million in 2018 relative to \$5.40 million in 2017.

Net profit attributable to shareholders amounted to \$219.68 million relative to \$69.63 million booked twelve months earlier. Management noted, "profits we buoyed by strong sales performance, with the Group achieving sales over one billion (\$1.041B), for the first time in the Company's history. SALF noted, "the optimization of factory operations resulted in improved margins, which also contributed." Earnings per stock for the year amounted to \$2.11 (2017: \$0.67). The EPS for the quarter was \$0.79 (2017: \$0.04). SALF stock price closed the trading period on November 27, 2018 at a price of \$21.50.

*Prices are as at December 31, 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	130.200	92.210	126.8307	147.860	101.510	127.9683
CAN	96.600	70.040	95.5114	102.960	88.200	95.8687
GBP	164.700	123.010	158.3432	178.390	152.000	163.5850
EURO	145.000	103.060	139.8960	168.830	137.700	152.1280

*Rates as at December 28, 2018

MONEY MARKET

The Jamaican dollar fixed income market was liquid in today's (December 31, 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%.

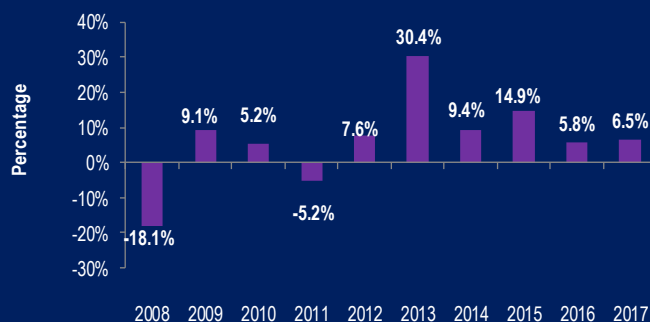
The US dollar fixed income market was also liquid during today's (December 31, 2018) trading session; The overnight market rates were quoted at 1.50% while the 30-day market rates stood at 1.80% to 2.10%.

OVER THE COUNTER FUNDS (CI FUNDS)

CI Global Value Corporate Class

This fund's objective is to obtain maximum long-term capital growth by identifying securities that the portfolio advisor believes are undervalued and have the potential for future growth. It invests primarily in equity and equity-related securities of companies around the world. The fund may make large investments in any country, including emerging markets or emerging industries of any market. The fund has a 3 year return of 6.2% and a 5 year return of 8.6% as at November 30, 2018. The Fund also has a 10 year return of 9.2%.

Fund Yearly Return



■ U.S: Treasuries May Have to Wait Until After New Year for Resolutions

"Perhaps the best that can be said of a painful year across financial markets is that there's room for improvement in 2019. It's less clear exactly what might pull investor sentiment, and Treasury yields, off the current lows. Risk-averse trading in December -- which is on track to be the worst month for U.S. stocks since 2009 -- has dragged the benchmark 10-year Treasury yield down to around 2.71 percent. That's more than half a percentage point below its 2018 peak in October. Investors are responding in part to tightening financial conditions and a souring economic outlook, and some think that the Federal Reserve could be headed for a mistake with further interest-rate hikes. Placating financial markets may not be on Fed Chairman Jerome Powell's list of new year's resolutions, but investors will be on alert when he joins his predecessors for an interview this Friday at the American Economic Association meeting. Jefferies LLC's Thomas Simons doesn't expect the Fed chief to suddenly start wringing his hands over the recent volatility in stocks. But another way to calm markets would be to note weak inflation, particularly if the Fed is leaning toward a pause in its rate-hike cycle. "That could be an under-the-table signal that they were not going to be raising rates," said Simons, a money-markets economist in New York, who expects the Fed to hold rates steady in the first quarter."

<https://www.bloomberg.com/news/articles/2018-12-31/treasuries-may-have-to-wait-until-after-new-year-for-resolutions?smd=economics-vp>

■ PLATINUM PORTFOLIO

Platinum Portfolio Yield Measures as at December 31, 2018	
	Percentage (%)
Yield to Maturity	6.67
Weighted Average Coupon	5.539
Current Yield	6.59

The platinum portfolio has an effective maturity of 13.71 years and duration of 4.59 years.

■ DISCLAIMER

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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

■ Asia: China Slowdown Continues With Factory Gauge at Lowest Level Since 2016

"China heads into the new year with its factories back in contractionary territory as the threat of a prolonged trade war dampens sentiment and stimulus struggles to gain traction. The manufacturing purchasing managers index dropped to 49.4 in December, the weakest since early 2016 and below the 50 level that denotes contraction. Measures of new orders and new export orders slipped -- a bearish signal for future demand -- while readings for input and output prices weakened. "The slowdown will continue into the next year," said Larry Hu, a Hong Kong-based economist at Macquarie Securities Ltd. "The weak PMI could result in more government stimulus to shore up the economy." There was some good news as the non-manufacturing PMI rose to 53.8 from 53.4. That suggests recent stimulus efforts may already be starting to have some effect. "Services is increasingly a bigger part of the economy, so that holding up is a counter to the weaker manufacturing, but to maintain the pace of growth, more stimulus will be needed," said Patrick Bennett, head of macro strategy for Asia at Canadian Imperial Bank of Commerce in Hong Kong. Much now rides on trade."

<https://www.bloomberg.com/news/articles/2018-12-31/china-slowdown-continues-with-factory-gauge-down-to-2016-level?smd=premium-asia>

■ 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. Per-sons 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.