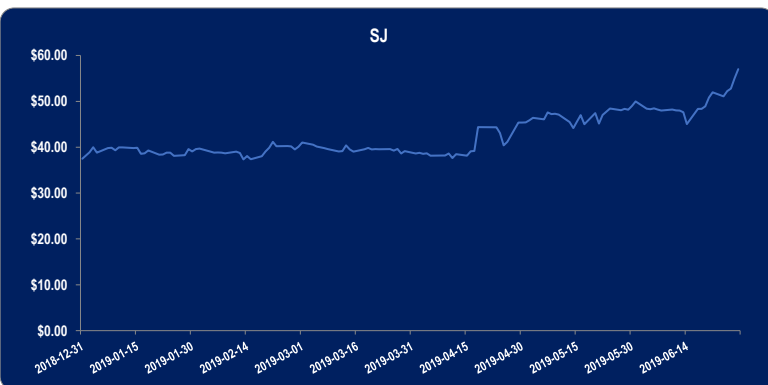


LOCAL STOCK MARKET: (J\$)<sup>+</sup>

Stock Symbol	KREMI	CAR	SJ	LASD	SGJ
Current Price (\$)	5.25	8.03	57.06	3.59	57.55
Trailing EPS (\$)	0.23	0.70	3.66	0.17	3.74
P/E (times)	22.41	11.44	15.60	21.06	15.40
Projected P/E	21.66	11.89	15.03	19.15	17.51
Projected EPS (\$)*	0.24	0.68	3.80	0.19	3.29
Book Value per share (\$)	1.87	0.28	20.35	1.48	38.50
Price/Book Value (times)	2.81	29.19	2.80	2.43	1.49
Dividend Yield (2018 %)	1.00%	7.63%	3.37%	3.03%	3.70%
Volumes	NIL	370,717	33,562	5,537	221,140
Recommendation	HOLD	BUY	SELL	SELL	HOLD



## STOCK OF THE DAY: Sagico Group Jamaica Limited (SJ)

For the three months ended March 31, 2019:-

Total revenues increased by 27% to \$20.12 billion from \$15.82 billion in 2018, and was broken down as follows: Net investment income increased to \$5.28 billion from \$4.10 billion in 2018.

Fees and other revenue increased 27% to \$3.01 billion (2018: \$2.38 billion). Net premium revenue increased by 11% to a total of \$10.36 billion from \$9.34 billion in 2018. Hotel revenue of \$1.47 billion was booked for the period relative to nil the prior year. The company noted, "Share of Revenue from hotels (Jewel Grande Montego Bay) was include at \$1.47 billion with the consolidation of XFund."

Benefits and expenses totaled \$16.45 billion for the period, increasing year over year by 31% from \$12.54 billion. This increase was mainly driven by: A 5% increase in net insurance benefits incurred to \$6.49 billion (2018: \$6.19 billion), "due to portfolio growth and a higher claims experience for both Life and Death claims". Administration expenses for the period amounted to \$4.76 billion compared to \$4.34 billion in the prior year, a 10% increase. Management noted, "There was a 6% increase when the new subsidiaries are excluded reflecting increments to Salaries and higher Payments related costs." Commission and related expenses rose by 16% to close at \$1.46 billion up from the \$1.26 billion posted in 2018. Amortization of intangible assets amounted to \$183.81million (2018: \$170.55 million), a 8% increase. Asset tax moved up by 1% to close at \$641.49 million in 2018 from \$637.80 million in 2018. SJ also booked Hotel expenses of \$964.80 million relative to nil the prior year.

Share of loss from joint venture amounted to \$4.62 million relative to a profit of \$770,000 the prior year. Share of profit from associates totaled \$856.98 million relative to \$141.85 million last year. According to SJ, "share of profit from Associate represents the 15% take-up of Playa Hotel & Resorts' earnings for Q1 before minority interests, which reflect a good performance during the peak winter season." Profit before taxation amounted to \$4.53 billion, a 32% gain when compared to the \$3.43 billion booked in 2018. After investment and corporation taxes of \$1.03 million (2018: \$786.46 million), net profit amounted to \$3.50 billion (2018: \$2.64 billion), an increase of 33%.

Profit attributable to shareholders amounted to \$2.70 billion relative to \$2.64 billion booked in 2018. As a result, EPS for the quarter amounted to \$0.69 (2018:\$0.68) while the twelve-month trailing EPS totaled \$ 3.66.

## FOREIGN EXCHANGE MARKET TRADING SUMMARY \*

	PURCHASE RATE			SALES RATE		
	Highest	Lowest	Weighted	Highest	Lowest	Weighted
			Average Rate			Average Rate
USD	139.725	101.833	129.9641	150.535	101.028	131.0682
CAN	101.470	78.310	95.8566	111.735	93.500	101.8648
GBP	167.900	131.269	162.4940	188.210	155.800	168.0812
EURO	152.500	111.720	144.4237	171.240	135.050	151.7262

\*Rates as at June 28, 2019

## MONEY MARKET

The Jamaican dollar fixed income market was liquid in today's (July 1, 2019) trading session. The over night rate stood at 0.50% to 0.90% while the 30-day rate ranged at 1.50% to 1.80%.

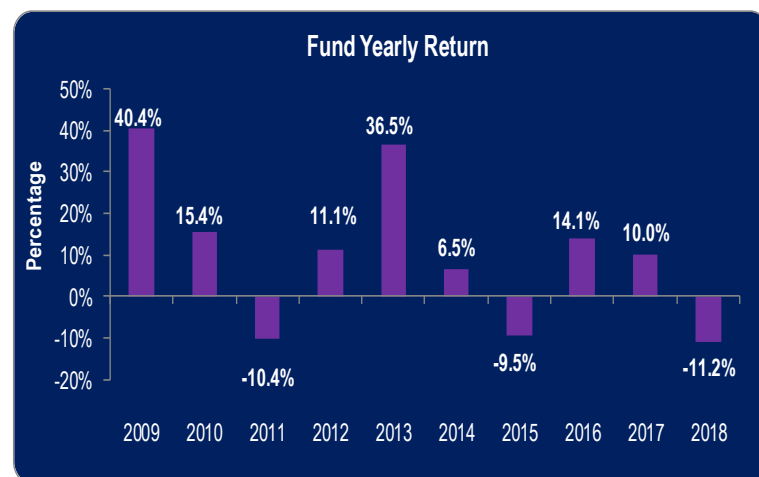
The US dollar fixed income market was also liquid during today's (July 1, 2019) trading session; The overnight market rates were quoted at 2.00% to 2.20% while the 30-day market rates stood at 2.40% to 2.70%.

## OVER THE COUNTER FUNDS (CI FUNDS)

## CI American Equity Corporate Class

This fund invests primarily in equity and equity-related securities of companies in the United States.

The fund has a 3 year return of 5.7% and a 5 year return of 3.2%. The Fund also has a 10 year return of 8.5%. Rates are as at May 31, 2019.



## U.S.: Stocks Climb Globally on Trade Truce; Oil Rallies: Markets Wrap

"U.S. stocks rallied to all-time highs after a trade truce with China, though finished well of highs of the day as measures of manufacturing activity showed growth slowing in the world's largest economy. The S&P 500 ended at a record for the first time in 10 days, led by a surge in chipmakers after President Donald Trump agreed to ease a ban on American companies supplying Chinese tech giant Huawei. The Nasdaq 100 hit a two-month high. Industrial shares underperformed, as a U.S. manufacturing gauge showed orders stalled last month. "The rally on this news will probably be short-lived and then we'll go back to worrying about very weak growth data," Ed Campbell, portfolio manager and managing director at QMA, said in an interview. The U.S. data came after a series of weak factory reports from major economies around world reaffirmed speculation that global central banks will remain on track with easier monetary policy. The 10-year Treasury yield climbed even as futures traders still priced in almost 75 basis points of rate cuts this year by the Federal Reserve. Gold slid 1.4%. Crude advanced toward \$60 a barrel, after major producers agreed to extend output cuts. Stocks in Shanghai and Tokyo led Asian gains, while markets in Hong Kong were closed for a holiday as a new wave of unrest hit the city."

<https://www.bloomberg.com/news/articles/2019-06-30/yuan-climbs-dollar-dips-on-trade-truce-yen-falls-markets-wrap?smd=premium>

## Europe: ECB Policy Makers Signal Stimulus Is Ahead on Feeble Inflation

"European Central Bank policy makers gave added impetus to expectations that more monetary stimulus is on the way, expressing concerns about the euro zone's feeble inflation outlook. Philip Lane, who joined the Executive Board as chief economist in June, used his first speech in the role to claim past measures have been effective and more can be done if needed. Dutch Governor Klaas Knot, typically considered on the hawkish wing of the Governing Council, said it is "indisputable" that inflation is too low. Spanish Governor Pablo Hernandez De Cos said the ECB's prediction that inflation will be 1.6% in 2021 is "far" from its goal. German bonds rose, sending yields lower, as investors bet the comments signal further easing is as good as locked in. Investors and economists predict that the ECB will cut interest rates as soon as this summer. The deposit rate is already at a record low minus 0.4% and the central bank only capped its 2.6 trillion-euro (\$3 trillion) quantitative-easing program at the end of last year. The remarks at a Bank of Finland conference in Helsinki echoed President Mario Draghi's recent promise that there is room to cut interest rates from record lows or resume bond purchases to boost inflation amid the current economic slowdown. The euro zone is struggling under a manufacturing downturn driven largely by global trade tensions, and a gauge of factory activity published Monday showed factories still stuck in a slump."

<https://www.bloomberg.com/news/articles/2019-07-01/ecb-s-new-chief-economist-sees-room-for-stimulus-on-weak-prices?smd=premium-europe>

## PLATINUM PORTFOLIO

### Platinum Portfolio Yield Measures as at July 1, 2019

	Percentage (%)
Yield to Maturity	5.63
Weighted Average Coupon	5.514
Current Yield	5.10

The platinum portfolio has an effective maturity of 13.24 years and duration of 4.73 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.

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