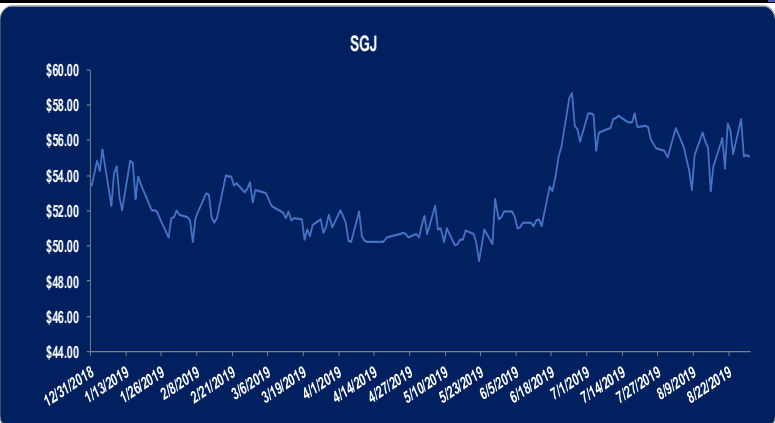


## DAILY RECOMMENDATION



### LOCAL STOCK MARKET: (JS)<sup>+</sup>

Stock Symbol	SVL	SJ	MEEG	JSE	SGJ
Current Price (\$)	25.68	73.23	6.86	24.84	54.29
Trailing EPS (\$)	0.80	3.93	0.36	0.67	3.74
P/E (times)	32.24	18.64	19.22	37.27	14.53
Projected P/E	21.34	17.34	15.63	35.20	16.52
Projected EPS (\$)*	1.20	4.22	0.44	0.71	3.29
Book Value per share (\$)	1.31	28.54	2.05	1.71	38.50
Price/Book Value (times)	19.59	2.57	3.34	14.49	1.41
Dividend Yield (2018 %)	7.03%	3.37%	N/A	4.28%	N/A
Volumes	25,127	46,860	4,510	362,185	13,510
Recommendation	BUY	HOLD	BUY	SELL	HOLD



### STOCK OF THE DAY: Scotia Group Jamaica Limited (SGJ)

For the six months ended April 30, 2019:-

Scotia Group Jamaica Limited (SGJ) for the six months ended April 30, 2019, Net Interest Income decreased by 5% to \$12.24 billion, moving from \$12.82 billion for the corresponding period in 2018. Interest Expenses declined by 19% to total \$1.33 billion (2018: \$1.64 billion). Interest Income for the period decreased from \$14.46 billion in 2018 to \$13.58 billion. Net interest income for the quarter amounted to \$6.05 billion relative to \$6.18 billion reported in 2018.

The company reported an Expected Credit Losses of \$1.34 billion compared to a loss of \$554.03 million for the comparable period in 2018. As such, Net Interest Income after Expected Credit Losses on loans fell 11% to \$10.90 billion relative to the \$12.26 billion recorded for the corresponding period in 2018.

Total Other Revenue increased by 11% to \$9.85 billion (2018: \$8.83 billion). Total other revenue is broken down as follows: Net Fees and Commission Income amounted to \$4.10 billion (2018: \$4.11 billion), a marginal decrease relative to the corresponding period in 2018.

Insurance Revenue fell by 4% and closed the period at \$1.81 billion relative to \$1.88 billion last year as a result of lower actuarial reserve releases year over year, partly offset by higher premium income. Net Gains on Financial Assets contracted to \$369.11 million relative to \$422.44 million recorded for the six month period ended April 30, 2019, due to increased market activities. Other revenue increased from \$16.75 million in 2018 to \$202.56 million.

Total Operating Income for the six months decreased 2% to total \$20.75 billion versus \$21.10 billion for the corresponding period in 2018. Total Operating Expenses for the period amounted to \$12.74 billion, a 14% growth from the \$11.20 billion booked for the corresponding period in the prior financial year. Salaries and Staff Benefits increased to close the period at \$5.58 billion (2018: \$5.13 billion). Property Expenses (Including Depreciation) rose by 7% amounting to \$1.07 billion (2018: \$995.82 million). Amortization of Intangible Assets increased 2% to close the period at \$76.90 million versus \$75.07 million in 2018. SGJ reported \$1.13 billion for asset tax, 4% more than the \$1.08 billion documented for the first six months ended April 30, 2018. Other Operating Expenses increased by 25% to close the quarter at \$4.89 billion relative to \$3.91 billion.

Profit before Taxation for the quarter totaled \$8.01 billion, this represents a decrease of 19% from the \$9.89 billion recorded in 2018. Tax charges for the quarter totaled \$2.39 billion (2018: \$3.14 billion). Net Profit for the period totaled \$5.61 billion, 17% less than the \$6.76 million posted for the same period in 2018. Net profit for the second quarter closed at \$3.29 billion relative to 3.34 billion for the same quarter of 2018.

Profit Attributable to Shareholders amounted to \$5.61 billion, 17% less than the total of \$6.76 billion reported a year earlier. Earnings per share (EPS) for six months totaled \$1.80 (2018: \$2.17). EPS for the quarter amounted to \$1.06 versus \$1.08 reported for the first quarter of 2018. The trailing twelve months EPS amounted to \$3.74. The total number of shares employed in our calculations amounted to 3,111,572,984 units.

\*Prices are as at August 29, 2019 \*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	141.808	103.163	135.5494	141.808	102.375	137.2463
CAN	104.795	80.852	103.1481	106.500	92.800	104.4233
GBP	169.500	132.256	166.6634	173.556	153.000	168.2510
EURO	158.000	117.045	155.5584	153.605	143.800	150.5311

\*Rates as at August 28, 2019

### MONEY MARKET

The Jamaican dollar fixed income market was liquid in today's (August 29, 2019) trading session. The over night rate stood at 0.40% to 0.60% while the 30-day rate ranged at 1.70% to 1.80%.

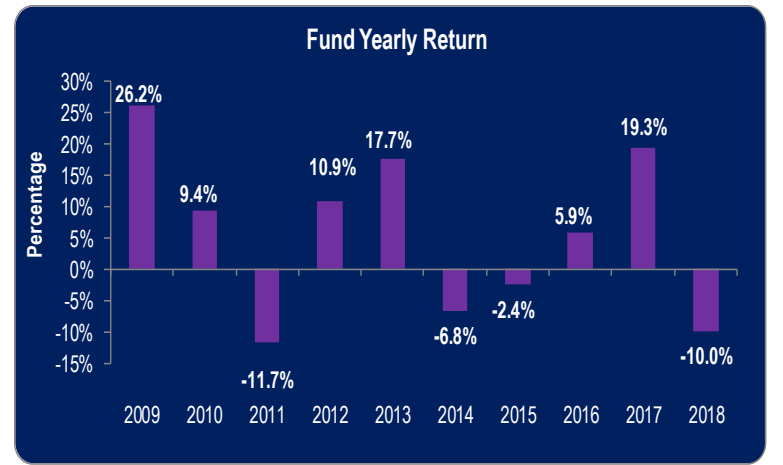
The US dollar fixed income market was also liquid during today's (August 29, 2019) trading session; The overnight market rates were quoted at 2.00% to 2.20% while the 30-day market rates stood at 2.40% to 2.70%.

### OVER THE COUNTER FUNDS (CI FUNDS)

#### CI International Value Corporate Class

This fund invests primarily in equity and equity-related securities of companies whose primary operations are outside of North America.

The fund has a 3 year return of 5.2% and a 5 year return of 2.5%. The Fund also has a 10 year return of 4.7%. Rates are as at July 31, 2019.



**U.S: U.S. Second-Quarter Growth Revised Down to 2% Pace From 2.1%**

“U.S. economic growth decelerated in the second quarter by more than initially reported, with stronger consumer spending offset by weaker readings across other categories that suggest President Donald Trump’s trade actions are weighing more heavily on the pace of expansion. Inflation-adjusted gross domestic product grew at a 2% annualized rate, according to Commerce Department data Thursday that matched analyst estimates and compared with an initially reported 2.1%. Consumer spending, which makes up about two-thirds of the economy, grew 4.7%, topping all forecasts with the biggest gain since 2014. The downward revision to GDP reflected lower estimates for exports, inventories, residential investment and state and local government spending. The report signals Trump’s 3% annual growth goal may be even more out of reach as the world’s largest economy faces complications from his tariffs on Chinese goods, which may further weigh on the outlook with levies set to increase Sept. 1.”

<https://www.bloomberg.com/news/articles/2019-08-29/u-s-second-quarter-growth-revised-down-to-2-pace-from-2-1?srnd=premium>

**Europe: There’s a Silver Lining to Johnson Brexit Move for Pound Pundits**

“U.K. Prime Minister Boris Johnson’s move to suspend Parliament increased the risk of a no-deal Brexit and sent the pound plunging, but strategists see a silver lining for sterling. The closure of the debating chamber on Sept. 12 could focus the minds of both U.K. lawmakers and the European Union on stopping a crash exit on Oct. 31., according to Credit Agricole SA and Deutsche Bank SA. That could provide support in the near term to sterling for MUFG and ING Groep NV. “The latest developments may also increase pressure on officials to find alternative solutions to the Irish backstop issue,” said Manuel Oliveri, a strategist at Credit Agricole. “Speculative investors have been retaining excessive shorts and such conditions may still mean that better levels could be reached in coming weeks.” Sterling held its ground above \$1.22 Thursday, after falling 0.5% this week. Morgan Stanley sees a strategic buying opportunity if sterling slides further to \$1.15, an almost 6% drop.”

<https://www.bloomberg.com/news/articles/2019-08-29/there-s-a-silver-lining-to-johnson-brexit-move-for-pound-pundits?srnd=premium-europe>

**PLATINUM PORTFOLIO**

**Platinum Portfolio Yield Measures as at August 26, 2019**

	Percentage (%)
<b>Yield to Maturity</b>	<b>5.38</b>
<b>Weighted Average Coupon</b>	<b>5.473</b>
<b>Current Yield</b>	<b>4.77</b>

The platinum portfolio has an effective maturity of 13.08 years and duration of 4.61 years.

**STRUCTURED PRODUCT**

**Mayberry Platinum**

The Mayberry Platinum portfolio is ideal for investors seeking a short to medium-term investment with returns denominated in hard currency. The portfolio comprises Investment Grade corporate and sovereign bonds, which provide strong yield and performance. The primary objective of this product is to provide our clients with income as well as capital appreciation. The Platinum portfolio enables the client to take full advantage of a diversified bond portfolio and is ideal for persons who do not have the time to actively manage their own portfolio.

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

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

**...BULLISH ON JAMAICA**



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

1 ½ Oxford Road, Kingston 5, Jamaica. ☎ (876) 929 1908 – 9  
 research@mayberryinv.com • sales@mayberryinv.com • www.mayberryinv.com