

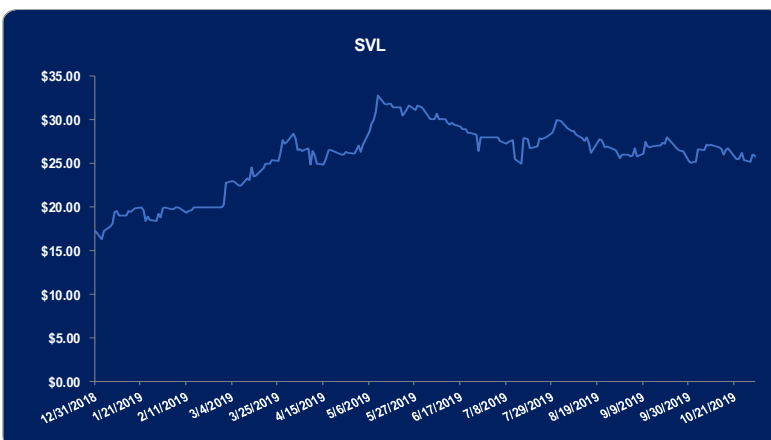
# DAILY RECOMMENDATION



VOLUME 3 November 1, 2019

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

Stock Symbol	MEEG	SALF	BPOW	MDS	SVL
Current Price (\$)	5.22	32.00	6.61	8.00	25.09
Trailing EPS (\$)	0.32	1.89	0.22	0.42	0.80
P/E (times)	16.10	16.89	30.17	19.18	31.50
Projected P/E	14.86	17.01	28.85	20.63	19.86
Projected EPS (\$) <sup>+</sup>	0.35	1.88	0.23	0.39	1.26
Book Value per share (\$)	2.10	9.14	1.67	2.95	1.34
Price/Book Value (times)	2.48	3.50	3.96	2.72	18.75
Dividend Yield (2018 %)	N/A	9.33%	0.45%	N/A	N/A
Volumes	700	26,000	4,912	NIL	472,471
Recommendation	BUY	HOLD	SELL	HOLD	BUY



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

Supreme Ventures Limited (SVL), for the six months ended June 30, 2019, reported a 15% increase in 'Total Gaming Revenue' from \$16.12 billion in 2018 to \$18.62 billion in 2019. For the quarter, 'Total Gaming Revenue' closed at \$9.31 billion (2018: \$8.06 billion). "Lotteries, PINs, Sports Betting and Horseracing recorded double digit increases whereas VLTs showed a marginal decline when compared to Q2, 2018," SVL noted.

Revenues from the Company's segments were as follows:

Revenue from 'Non fixed odd wagering games, horse racing and pin codes' amounted to \$10.90 billion (2018: \$9.60 billion), a 14% increase.

Gross profit for the period improved 21% to \$3.88 billion (2018: \$3.21 billion). For the quarter, gross profit closed at \$1.97 billion (2018: \$1.55 billion). SVL noted that, "this was attributed to the higher net sales of Cash Pot, Pick 4, Money Time, Super Lotto, PIN codes, horseracing and sports betting."

Operating expenses grew 8% for the period to \$2.01 billion (2018: \$1.86 billion), while recording 'Other losses' of \$16.03 million relative to 'Other income' of \$91.51 million for the prior period in 2018. For the quarter, operating expenses amounted to \$1.06 billion versus \$954.18 million booked in the previous comparable quarter. The Company highlighted that, "the increase is attributed to the activities associated with the launch of Mobile Gaming in March 2019. This expenditure is expected to have a positive return overtime in the form of sales from new segments on the platform."

Consequently, operating profit for the period increase 28% to \$1.85 billion relative to \$1.44 billion reported in 2018. While, for the quarter, operating profit closed at \$907.77 million (2018: \$613.47 million).

Taxation for the period rose 61% to close at \$562.70 million compared to \$349 million in 2018, thus resulting in net profit of \$1.25 billion, a 19% increase from the \$1.05 billion recorded in the prior comparable period. For the quarter, net profit closed at \$624.28 million (2018: \$432.42 million).

## FOREIGN EXCHANGE MARKET TRADING SUMMARY \*

Currency	PURCHASE RATE			SALES RATE		
	Highest	Lowest	Weighted Average Rate	Highest	Lowest	Weighted Average Rate
USD	141.600	105.300	137.7624	146.462	104.130	140.1215
CAN	106.000	82.861	101.9163	109.640	98.200	104.8242
GBP	180.500	141.227	173.3422	186.786	169.500	179.1175
EURO	159.524	116.032	149.7821	159.840	147.250	154.4262

\*Rates as at October 31, 2019

## MONEY MARKET

The Jamaican dollar fixed income market was liquid in today's (November 01, 2019) trading session. The overnight rate stood at 0.30% while the 30-day rate ranged at 1.30% to 1.50%.

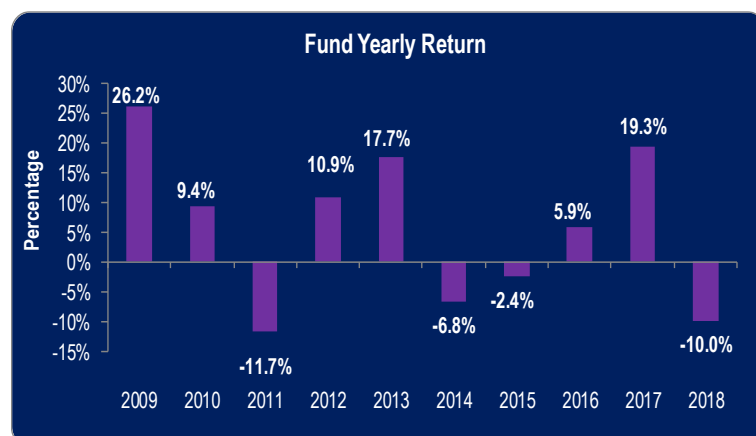
The US dollar fixed income market was also liquid during today's (November 01, 2019) trading session; The overnight market rates were quoted at 2.00% while the 30-day market rates stood at 2.30% to 2.40%.

## 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 3.3%. The Fund also has a 10 year return of 4.0%. Rates are as at September 30, 2019.



## U.S: U.S. Hiring Resilient With 128,000 Gain, Validating Fed Pause

“U.S. hiring was unexpectedly resilient in October and prior months saw sharp upward revisions, validating the Federal Reserve’s signal of a pause from interest-rate cuts and indicating consumers will extend the record-long expansion despite weak business investment and trade tensions. Stock futures and the dollar rose while Treasuries dropped. Payrolls rose 128,000 after an upwardly revised 180,000 advance the prior month, according to a Labor Department report Friday that exceeded the median 85,000 estimate in Bloomberg’s survey. That includes a General Motors Co. strike-driven 41,600 decline in automaker payrolls and 20,000 temporary census workers leaving their jobs.”

<https://www.bloomberg.com/news/articles/2019-11-01/u-s-hiring-resilient-with-128-000-gain-despite-strike-census?srnd=premium>

## Asia: Don’t Call It Stagflation, But China Assets Flash Economic Worry

“A rare, simultaneous bout of weakness is hitting Chinese bonds and stocks, exposing growing unease about the dual brunt of slowing output growth and rising prices in the world’s second-largest economy. Up until recently, stock investors could take a measure of solace from weakening economic growth, confident that policy makers would respond with expanded stimulus measures -- even if they weren’t the same scale as in years past. But now, a jump in inflation is cementing the view that the People’s Bank of China isn’t likely to roll out large-scale stimulus soon.”

<https://www.bloomberg.com/news/articles/2019-11-01/don-t-call-it-stagflation-but-china-assets-flash-economic-worry>

## PLATINUM PORTFOLIO

### Platinum Portfolio Yield Measures as at October 28, 2019

	Percentage (%)
<b>Yield to Maturity</b>	5.28
<b>Weighted Average Coupon</b>	5.442
<b>Current Yield</b>	4.27

The platinum portfolio has an effective maturity of 13.07 years and duration of 4.62 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.

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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)



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