

Dear Barita Family,

Barita

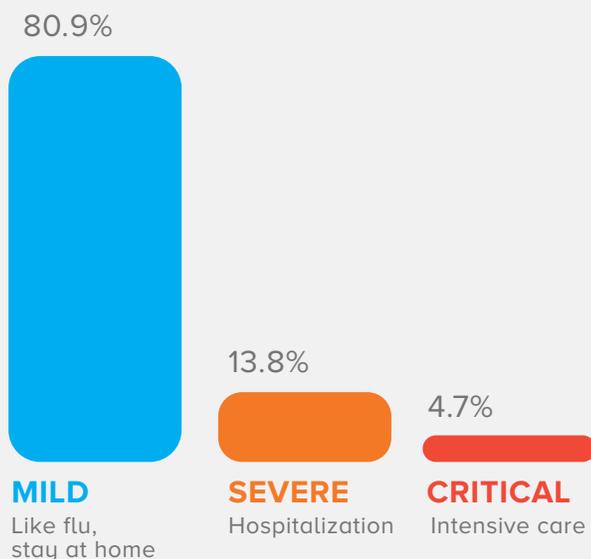
A NOTE ON CORONA

Now that Jamaica has confirmed its first case of the corona virus (COVID-19), we imagine that you are very much concerned, first, about your health and that of your family and friends. And second, about the health of your investments with us. We want to share some insights with you about your second concern. But before doing so, we urge you to follow the instructions of the Ministry of Health on the precautionary measures that you must take to prevent contracting the virus.

The first thing we urge you NOT to do, is to act out of fear and impulse and thereby make financial decisions that are not aligned to your long run portfolio goals. The international data on the virus indicate that 55% of those individuals who contract the virus, have recovered. And 80% of those who have the virus, are in what is considered a 'mild condition'.

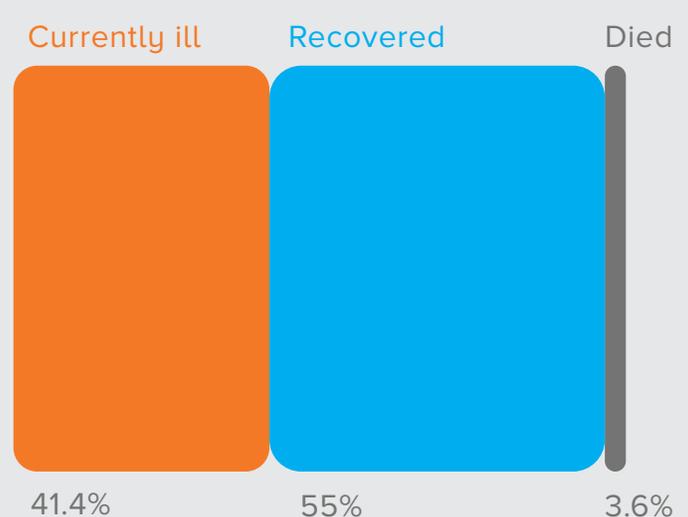
The Majority of Infections are Mild

Seriousness of symptoms



The Bulk of People Recover

Of total worldwide confirmed cases...



Source: <https://informationisbeautiful.net/visualizations/covid-19-coronavirus-infographic-datapack/>

This does not in any way diminish the seriousness of the virus, but instead, demonstrates that this can be managed, and we can get through it, and end up stronger, and richer. So, with that said, here are some important points to consider:

Remain Composed, Remember Your Portfolio Objectives

The Jamaica Stock Exchange has pulled back in the past few weeks, and now that the Corona Virus is here, it is possible that the market could become more volatile. But, it helps at this time to step back and consider a long term perspective. Over the five-year period March 10, 2015 to March 10, 2020 the JSE main index rose 412%, while the JSE combined index rose 393%. **If we take the USA as an example, the S&P 500 has only decreased by 10.79%, even with their Corona outbreak.**

Jamaica Is In a very Good Position to Spend on Fighting Corona

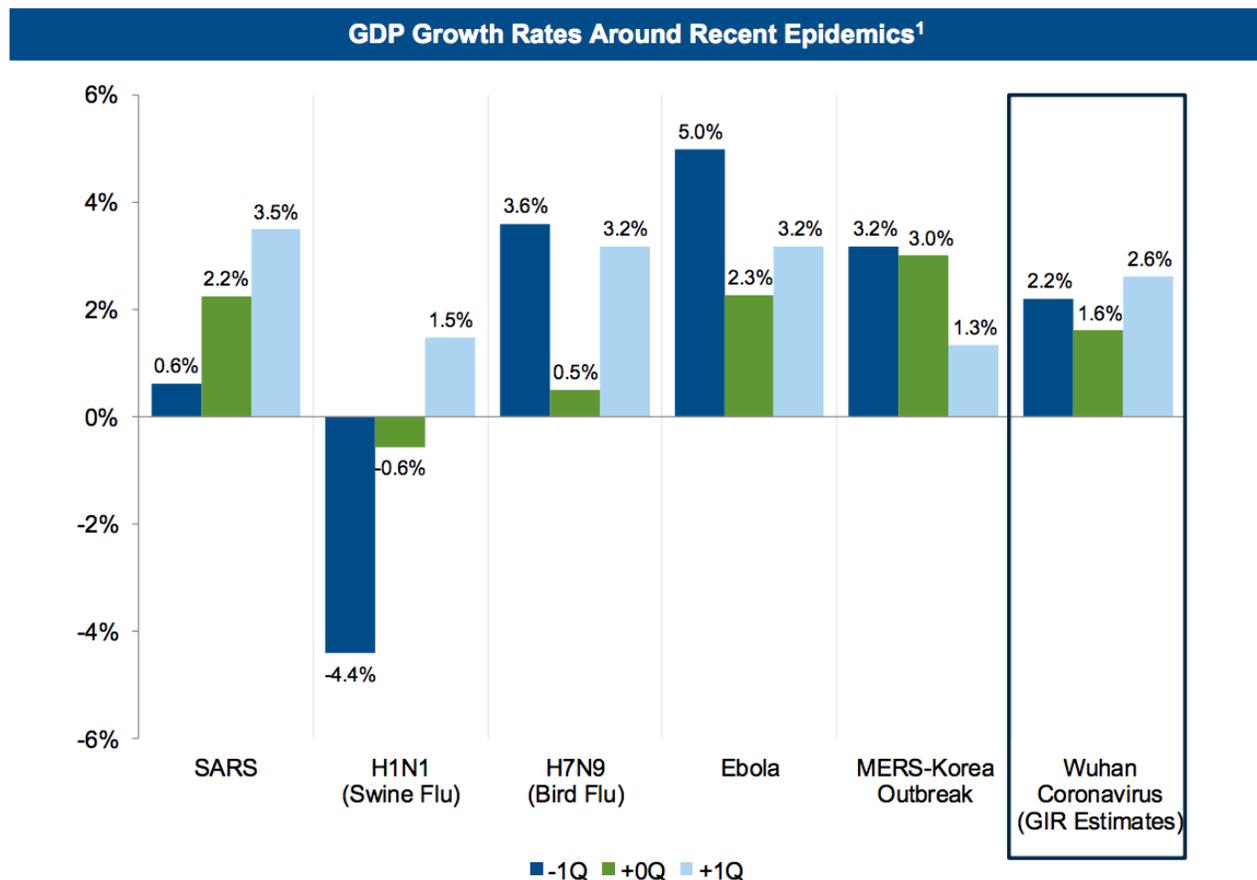
Jamaica has never had a virus of the nature of corona, in terms of its infectiousness rate. But, **we believe the Government is in the best possible position to fight this virus given the fiscal space** that has been created under the economic transformation program that the country has been undergoing close to a decade. The Minister of Finance, Dr. Nigel Clarke, has already announced that the Government has made provisions in the budget to deal with a Corona outbreak. In his most recent budget debate, the Minister stated that the government has earmarked **J\$7 billion in contingency funding** to address the Corona threat. **Additionally, the country has very healthy international reserves, at US\$3.16 billion. Those fiscal resources will enable the government to set up quarantining facilities if required and purchase medicines if required.**

Corona Will Present Opportunities in the Local Equities Market

The S&P 500, in the USA, has made some high-quality stocks very attractive buys for strategic investors; and they have been doing so. We believe many opportunities will present themselves in our local markets as some people will, out of fear and panic, sell their high-quality stocks at prices well below their fair values. Those are opportunities that you should position yourself to take advantage of.

Impact on Major Trading Partners Uncertain

Based on historical data on previous epidemics in the USA, GDP growth usually rebounds in the following quarter. Also, Goldman Sachs has found that the stock market usually regains its performance four weeks after the epidemic. However, this time is a bit different given that there is now an oil price war and the economy is pretty advanced in its economic cycle.



China, it seems, has started to make progress containing the spread of the virus. For the first time since the outbreak of the virus, **President Xi Jinping visited Wuhan Province, the centre of the outbreak in China. This shows a fair degree of confidence that the matter is being contained. But, most importantly, it suggests that China's production systems might soon be back on track to again start contributing to the global economy.**

We are all in this together. Our asset managers, our research team, the leadership of Barita and Cornerstone have been working relentlessly to get the best possible information and to make the best possible decisions, in this tumultuous time, to make your money work for you.

Data cited as at March 10, 2020.
Source: <https://www.worldometers.info/coronavirus/>