Stories to Watch in 2022

January 3, 2021

ANALYST INSIGHT

Awah Muirhead
Manager, Investment Research

Stories to Watch in 2022

Introduction

The last two years have structurally redefined many aspects of the social, economic, and political fabric of society. As we begin 2022, the global shifts and changes in everyday life that erupted in 2020 and 2021 are likely to continue into 2022. Further, as the year progresses, we are likely to see the stories that define the year evolve and expand. As such, the breadth of stories that will shape this new year is immense and so, in this article, we've highlighted some key areas of interest that we believe will be integral in defining and shaping the year ahead. These include matters of grave importance to everyone globally such as climate change. We've also highlighted the potential role and the changing stance of central banks as inflation becomes a larger threat. Finally, we highlight the pandemic, the defining obstacle of the last two years which could somewhat end in 2022, according to some experts. As we touch on each of these issues, we've established some ideas around how investors may benefit from these happenings.

Climate Change and Sustainable Investing

Without question, a major challenge of 2022 and certainly, the decades ahead, will be climate change. The COP26 conference held in November 2021 marked the 5th anniversary of the 2016 Paris Agreement and in large part, was perhaps the most important conference to date. At the conference's end, 197 countries agreed on more stringent compromises aimed at reducing the effects of climate change but even then, these compromises are simply just promises that can be broken. Simultaneously, the magnitude of the promises made remains below what is needed to seriously fight climate change. While this remains of grave concern, it cannot be lost on us, that more will likely be done as the severity of the climate problem intensifies exponentially. With that said, the role of sustainable investing has become more important. Sustainability will not just be about reducing carbon emissions but will encompass the transformation of many business models to operate in a sustainable world. This means there will be winners and losers and investors can benefit greatly by targeting companies that are destined to play key roles in providing sustainable solutions that significantly reduce the damage to the environment. An easy example here is Tesla, the electric vehicle company that only delivered 500,000 cars in 2020 but is the most valuable car company in the world, valued at US$1.06 trillion compared to Toyota who sold 9.5 million vehicles in 2020 but is only valued at US$257 billion. Similarly, global funds that focus on Environmental Social and Governance (ESG) Investing have been receiving record inflows of cash as investors are increasingly supporting companies that are working towards sustainability. We expect this trend to continue in 2022 and believe investors will benefit from investing in companies well-positioned to deliver sustainable solutions across varying industries.

The Reduction of Central Bank Support

Towards the latter half of 2021, central banks began to reduce support for economies as inflation persisted longer than expected and to a greater magnitude than envisioned. As rising prices have become more engrained (reflected in the prices of a wider range of goods and services), central banks in both developed and developing economies are expected to raise rates at a faster pace to disincentivize borrowing and spending, in the hopes of reducing inflationary pressures. With that in mind, a good opportunity for investors is within assets that typically perform well in a rising rate environment such as health care stocks, technology companies, bank stocks (particularly banks with a large concentration of floating-rate assets), and significantly fewer liabilities affected by rising rates, such as deposits. Shorter-term and floating rate bonds also become far more attractive in this period, albeit while remembering the caveat of heightened inflation. For most Jamaicans who mainly follow the local stock market, companies with strong cash flow generating capabilities that are less likely to be affected by higher borrowing costs present great opportunities. On the matter of increased rates, we must also mention that markets tend to follow the actions of the Federal Reserve (the Fed) almost religiously. In the event the Fed raises rates too quickly, asset prices could stumble significantly as investors sell. To the extent the Fed continues to support smooth market functioning, asset sell-offs could be worthwhile buying opportunities.

COVID-19 – Pandemic or Endemic?

Interestingly, 2022 marks the third calendar year of the pandemic, and the recent Christmas reopening and subsequent surge in new cases across the globe has reminded many that COVID-19 remains an important threat. Notwithstanding, several countries are reporting relatively fewer deaths despite a surge in infections, pointing to the role the vaccines have played in helping to reduce the severity of symptoms. With continued vaccination efforts and effective antiviral drugs, several health experts believe COVID-19 could lose its "pandemic" status in 2022. At this stage, it would be reclassified as an "endemic" which essentially means infections would reach a steady state where not enough people are vulnerable to start a widespread outbreak but simultaneously, not everyone will be immune so the virus will find hosts. This would place COVID-19 in a category similar to the common cold or the flu. Certainly, uncertainties remain but there will be far more clarity in 2022 as vaccinations continue and more therapies are developed. From an investing perspective, we believe an outcome where the COVID-19 threat is likely to be reduced from a pandemic to an endemic supports investing in sectors most likely to benefit from this change such as travel and tourism. Certainly, it presents an opportunity for greater investment in Jamaica's own tourism industry from the private sector, particularly considering the triple-digit growth the industry has witnessed recently, while remaining below pre-pandemic output.

Concluding Thoughts – Other stories that may shape 2022

In this article we've looked at just three of the stories that are likely to shape 2022. However, there are others that will be important throughout the year such as the rise of the metaverse, the role of cryptocurrency for the future, the high valuation of US stocks coming out of 2021, and what it could mean for returns in 2022 as well as the disappointing productivity growth of many nations across the globe, to name a few. In Jamaica, the relatively lackluster performance of the stock market below that of overseas markets (the JSE's Combined Index grew by 2.2% in 2021 vs the US S&P 500 which grew by 26.9%) continues to weigh on the minds of many investors and will be watched keenly throughout 2022. The role of climate change specifically in Jamaica as we perhaps rethink or revisit vision 2030 for example is another interesting topic of importance. Throughout the year, we will delve into these and many other stories and highlight opportunities for investors to stay ahead.

LOCAL EQUITIES MARKET

For the week ended Friday, our local stock market increased week-over-week. The JSE Combined Index advanced by 2.25%, the Main Market Index advanced by 2.38%, the JSE All Jamaican Composite Index rose by 2.40%, the JSE Junior Market Index increased by 0.91%, while the JSE USD Equities Index declined by 7.265%. During the week, Jmmb Group Limited 7.15% Cumulative Redeemable Preference Share was the largest gainer, rising by approximately 22.13% to close at J$3.09. The biggest loser was 1834 Investments Limited which fell by 18.39% to close at J$0.71.

Year to Date, The Junior Market Index (+29.69% YTD) continues to outpace its Main Market counterpart (0.14% YTD) by a wide margin.

As of Friday December 31, 2021, the overall Market activity resulted from trading in 108 stocks of which 59 advanced, 37 declined and 12 traded firm.
Market volume amounted to 215,975,955 units valued at over $3,551,237,958.72. Carreras Limited was the volume leader with 68,909,077 units (31.91%) followed by Future Energy Source Company with 31,714,477 units (14.68%) and The Limners and Bards Limited with 21,734,744 units (10.06%).

Revisiting relevant news during the week:

At the start of the New year Sunday Finance asked a few CEOs on their views on inflation amid the pandemic. Some of the CEOs quizzed include Gassan Azan, of Megamart and Bascho, Michael Ammar Jr of Ammars and Don Wehby of Grace Kennedy. Most would have noted that they are currently feeling the effects of inflation on their respective businesses.
CEOs quizzed on inflation

After selling its majority stake in Lumber Depot in August 2019, Blue Power Group is buying back large blocks of Lumber shares on the open market. This comes at a time when Stony Capital an investment vehicle involving Musson Group Executive Paul Scott and Melanie Subratie recently acquired a large block of Lumber Shares
Blue Power Group buying up shares in Lumber Depot

The Spur Tree Spices IPO which was the last capital raise for 2021 closed two weeks and two days early following strong demand. The IPO attracted $1.3 billion in subscriptions which was well above the $335 million that was being sought.
Spur Tree Spices IPO closed two weeks early

Chairman of the Professional Football Jamaica Limited (PFJL) which is responsible for the management of the Jamaica Premier League has said that the PFJL has set its sights on listing at least one of the league's football clubs on the Junior Market of the Jamaica Stock Exchange.
Football IPO coming

The National Export-Import Bank of Jamaica (EXIM) is reporting levels of recovery among borrowing companies. The areas of growth among clients contributing to the bank's loan portfolio as at March 2021, when compared to March 2020 are headed by manufacturing. This sector experienced a 26 per cent increase in 2021 when compared to 2020.
Manufacturing doing best among companies using trade support – EXIM Bank

Regional credit rating agency CariCRIS has reaffirmed its scale ratings assigned to Barbados with a stable outlook. CariCRIS, said the rating is supported by fiscal consolidation continuing despite COVID-19 pressures and other unanticipated shocks, growing foreign currency reserves and good financial sector stability indicators
CariCRIS reaffirms Barbados credit rating

Index	31/12/2021	24/12/2021	31/12/2020	Week/Week	Year-to-Date
JSE Main Market	396,155.61	386,952.96	395,614.93	2.38%	0.14%
JSE Junior Market	3,428.30	3,397.48	2,643.38	0.91%	29.69%
JSE Combined Market	401,130.23	392,292.88	392,435.92	2.25%	2.22%
JSE USD Equities Market	195.51	210.81	186.30	-7.26%	4.94%
JSE ALL Jamaican Composite Index	438,328.37	428,067.54	433,521.09	2.40%	1.11%

INTERNATIONAL DEVELOPMENTS

US

Most Major Indexes recorded gains for the week as the "Santa Claus rally" lifted the S&P index to record highs. The tech heavy Nasdaq however lagged and finished flat. The real estate, utilities, and materials sectors outperformed within the S&P 500, while the larger communication services and information technology sectors—which together account for over one-third of the index—lagged.

U.S. Treasury yields were generally steady against a backdrop of light trading volumes and few key economic data releases. Technical factors supported a modest rise in rates through the middle of the week, with the 10-year U.S. Treasury note yield reaching an intramonth high of 1.55% on Wednesday. The 10-year yield retreated to roughly 1.50% by Friday morning, as rates generally retraced their early-week increases.

Europe

European shares rose in holiday-thinned trade as omicron fears eased and investor optimism about the economic recovery strengthened. In local currency terms, the pan-European STOXX Europe 600 Index ended the week 1.09% higher, rebounding more than 22.0% on the year. The main indexes also posted gains, with France, Italy, and the UK closing near their highest levels for the year. Germany's Xetra DAX Index added 0.82% over the week, France's CAC 40 increased 0.94%, Italy's FTSE MIB advanced 1.22%, while the UK's FTSE 100 Index was little changed.

Coronavirus infections surged to record levels over Christmas in France, the UK, Italy, and Spain, among other countries, boosted by the omicron variant. France, Italy, Portugal, Denmark, and Greece tightened measures to prevent the virus from spreading during New Year's celebrations. In Portugal, where omicron is now the dominant strain, working from home will become mandatory in January, while France ordered people to work from home for three days a week. Troweprice market update

Top 5 things to watch out for in the week ahead:

1. **December Jobs Report:** The U.S. Jobs non-farms payrolls report comes out Friday. Expectations are for a growth of 400,000 jobs, vs. 210K last month and an average of 494K jobs added in the last six months. The unemployment rate is expected to edge down to 4.1% from 4.2%. A strong report would give more room to the Fed to proceed with rate hike and policy tightening plans.
2. **OPEC Meeting after a stand-out year for Oil:** The Organization of the Petroleum Exporting Countries (OPEC) meets on Tuesday. At their previous meeting, OPEC reaffirmed their decision to increase oil production in 2022 and said that they expected a low impact from Omicron on demand for oil. Oil finished the year up over 50%, with Crude Oil WTI having its best year since 2009 and Brent its best year since 2016.
3. **PMI numbers and CPI numbers around the world:** PMI (Purchasing Manager Index) reports come out this week across the world, which will be another key gauge on economic activity. Consumer price index (CPI) and Producer Price Index (PPI) reports also come out from various countries this week. South Korea kicks off the stream of reports, with European countries and then the Eurozone as a whole reporting later this week.
4. **Retail, Office, and Industrial earnings this week:** While Q4 earnings season tends to be the slowest to kick off as companies close their books for the year, we get a few off-cycle reports this week to work through. These include Walgreens, Bed Bath and Beyond, MillerKnoll and WD-40 Company, Constellation Brands and PriceSmart.
5. **Presidents Biden and Putin to speak again:** U.S. President Joe Biden and Russian President Vladimir Putin are scheduled to speak by phone this Thursday as the tension at the Ukraine/Russia border continues. This would mark the second call in three weeks amidst the stationing of 100,000 Russian troops on the Ukrainian border on the cards.

Index	31/12/2021	24/12/2021	31/12/2020	Week/Week	Year-to-Date
Dow Jones	36,338.30	35,950.56	30,606.48	1.08%	18.73%
S&P 500	4,766.18	4,725.79	3,756.07	0.85%	26.89%
NASDAQ 100	16,320.08	16,308.21	12,888.28	0.07%	26.63%
FTSE 100	7,384.54	7,372.10	6,460.52	0.17%	14.30%
Euro Stoxx 50	4,298.41	4,255.01	3,552.64	1.02%	20.99%

Local Economic Conditions

Local Foreign Exchange Market

- Our local currency depreciated by 0.42% against the U.S. Dollar week on week to settle at $155.09 as at close of trade Friday, relative to $154.43 per US$1.00 at the end of the prior week. Year to date, the Jamaican has depreciated by 8.72%.

Interest Rates and Inflation

- On December 20, 2021, the Bank of Jamaica's Monetary Policy Committee (MPC) voted to increase its policy rate by 50 basis points to 2.5%. The justification was that this action was needed to curb the second round effects of recent shocks and to guide inflation back within the target range over the next two years. Inflation is projected to average 5.5 to 6.5% over the next two years. Inflation will also continue to breach the upper limit of the bank's target range over the next 10-12 months.

- As at November 2021, point-to-point was at 7.8%, above the BoJ's inflation target upper bound of 6.0%.

Unit Trust Performance

- Year to Date, The Money Market Fund has increased by 2.57%, the FX Bond Portfolio has increased by 1.43%, the F.X. Growth Portfolio increased by 8.91%, the Real Estate Portfolio has decreased by 13.11% and the Capital Growth Fund has grown by 5.21%.

- Barita's Collective Investment Schemes ("CIS") offer the opportunity for investors to remain invested in the market at this delicate stage of the market cycle; moreover, there is a diversification benefit and opportunity to have a professional portfolio manager make the best-in-class professional judgements on your behalf.

- The F.X. Growth Fund, which is benchmarked against the S&P 500, has increased by 8.91% year to date.

- As at December 29, 2021, the Capital Growth Fund has delivered a YTD return of 5.21%, which is above the 2.22% YTD growth of its benchmark, the JSE Combined Index.

- The FX Bond Portfolio remains an attractive fixed-income portfolio, particularly when viewed within the context of global interest rates which have declined significantly as central banks maintain low policy rates to drive the economic recovery.

""The biggest risk of all is not taking one."

— Mellody Hobson

Currency Pair	31/12/2021	24/12/2021	31/12/2020	Week/Week	Year-to-Date
JMD: USD	155.09	154.43	142.65	-0.42%	-8.72%
JMD:CAD	122.76	120.72	111.41	-1.69%	-10.19%
JMD:GBP	210.14	204.89	193.66	-2.56%	-8.51%

Unit Trust

Unit Trust Fund	29/12/2021	22/12/2021	Week/Week Return	Year-to-Date Return	1 Year Return	Yield
Capital Growth	89.29	87.56	1.97%	5.21%	5.09%	-
Money Market	15.1563	15.2623	-0.69%	2.57%	2.53%	0.92%
Income Portfolio	100.00	100.00	-	-	-	3.32%
FX Bond Portfolio (US$)	1.3756	1.3717	0.28%	1.43%	1.54%	2.41%
Real Estate Portfolio	5,069.99	5,069.44	0.01%	-13.11%	-9.35%	-
FX Growth Portfolio	1.0875	1.0720	1.45%	8.91%	9.31%	-

"It's not whether you're right or wrong that's important, but how much money you make when you're right and how much you lose when you're wrong."

— George Soros

Barita

MAKING MONEY WORK FOR YOU.

Investment Playbook

Barita
MAKING MONEY WORK FOR YOU.

Equities

Stock Ticket	Stock Information (As at December 31, 2021)	Analyst Outlook
WISYNCO Wisynco Group Ltd	P/E: 19.64x P/B: 3.91x Price: J$ 16.70 Div Yield: 1.80%	**OVERWEIGHT** The local fiscal support to both households and businesses was instrumental in maintaining individuals' consumption capacity, particularly those furloughed and made redundant, which supported the demand for consumer staples distributed by manufacturers and distributors Wisynco. We expect that with continued fiscal support through either direct household support or government spend on projects to stimulate employment, Wisynco's business will thrive in this environment.
LASM Lasco Manufacturing	P/E: 13.81x P/B: 2.35x Price: J$ 4.75 Div Yield: 1.53%	**MARKETWEIGHT** Our expectation is for the Company to continue on its growth trajectory, supported by the improving economic backdrop of the global economy, which may manifest in increased domestic demand for goods and services. With increased stopover arrivals and planned reopening of key industries such as entertainment and education (face-to-face teaching), there are sufficient catalysts to spur further growth in 2021. However, this isn't without challenges as the global supply bottleneck will manifest itself in LASD's margins, requiring management to remain prudent in their working capital management such that higher imported inflationary pressures are not corrosive to the bottom line. Our MARKETWEIGHT recommendation balances our outlook on the company against the potential upside embedded in our estimate of fair value (as per Barita's July 15, 2021 equity report) for the company.
LASD Lasco Distributors	P/E: 13.08x P/B: 1.71x Price: J$ 3.39 Div Yield: 1.92%	**OVERWEIGHT** Our expectation is for the Company to continue on its growth trajectory, supported by the improving economic backdrop of the global economy, which may manifest in increased domestic demand for goods and services. With increased stopover arrivals and planned reopening of key industries such as entertainment and education (face-to-face teaching), there are sufficient catalysts to spur further growth in 2021. However, this isn't without challenges as the global supply bottleneck will manifest itself in LASD's margins, requiring management to remain prudent in their working capital management such that higher imported inflationary pressures are not corrosive to the bottom line.

Ratings Definitions

OVERWEIGHT/BUY
Exposure to this asset should be between 5% and 10% of your total portfolio

MARKETWEIGHT/HOLD
Exposure to the asset should be equal to 5% of your total portfolio

UNDERWEIGHT
Reduce exposure in your portfolio to less than 5% for this particular asset

SELL
Reduce exposure in your portfolio to zero

Investment Playbook

Barita
MAKING MONEY WORK FOR YOU.

Equities

Stock Ticker	Stock Information (As at December 31, 2021)	Analyst Outlook
SGJ Scotia Group Jamaica Limited	P/E: 13.34x P/B: 0.99x Price: J$36.01 Div Yield: 4.30%	**MARKETWEIGHT** SGJ's growth has slowed, even prior to the pandemic. Consequently, within the context of the pandemic, the Group reported a considerable net profit decline of 31.4% in FY2020. Notwithstanding, the most recent performance demonstrates that coming out of the pandemic, the Group will report relative growth in FY2021, predominantly reflecting lower ECL, FX gains given SGJ's position in the FX market, and gains from the extinguishment of debt. Beyond FY2021, however, we expect a slowdown in growth, as ECL reduction is tempered relative to FY2021 and as the Group no longer benefits from a gain on extinguishment of debt. Importantly, we also consider the Group's strong liquidity, capital adequacy, and consistent dividend payout which is at an attractive yield of 3.58%. Given its strong balance sheet and consistently above-average dividend yield, we believe SGJ is a good dividend income stock.
VMIL Victoria Mutual Investments Limited	P/E: 13.32x P/B: 2.01x Price: $6.13 Div Yield: 2.53%	**MARKETWEIGHT** On balance, we believe the upside seen by VMIL in Q1 2021 potentially represents the most Year-over-Year (YoY) upside the company will realize in FY2021 and should be the main driver of improved YoY profitability for the 2021 financial year. However, we believe the market dynamics will weigh on YoY performance, unless there's a significant improvement in business origination, beyond prior years, on the back of a strengthening economy or increased capital that can then be deployed towards growth initiatives. With that said, our MARKETWEIGHT recommendation balances the risks that remain against the potential upside embedded in our estimate of fair value (as per Barita's July 16, 2021 equity report) for the company.
JMMBGL JMMB Group Limited	P/E: 7.50x P/B: 1.19x Price: $39.44 Div Yield: 2.16%	**OVERWEIGHT** Despite the low interest rate environment, net interest income growth remains possible in FY 2022 if the Group increases growth in deposits which is a lower cost funding than repurchase agreements Moreover, our positive outlook on the Group is underpinned by expected improvements in noninterest income and share of profits from a rebounding Sagicor Financial Company (Given the anticipated growth, we believe the market is pricing JMMBGL at a discount to our estimate of its fair value).

Ratings Definitions

OVERWEIGHT/BUY
Exposure to this asset should be between 5% and 10% of your total portfolio

MARKETWEIGHT/HOLD
Exposure to the asset should be equal to 5% of your total portfolio

UNDERWEIGHT
Reduce exposure in your portfolio to less than 5% for this particular asset

SELL
Reduce exposure in your portfolio to zero

Investment Playbook

Equities

Stock Ticker	Stock Information (As at December 31, 2021)	Analyst Outlook
SEP Seprod Limited	P/E: 16.91x P/B: 2.65x Price: J$64.76 Div Yield: 2.01%	**OVERWEIGHT** Seprod has undergone significant structural changes within the last 5-years aimed at improving the underlying performance of the company. Within this period, particular emphasis has been placed on optimizing the distribution, warehousing and logistics capabilities of the company. This gradual, multi-year, improvement was accomplished through reinvestment within the organization coupled with strategic acquisitions aimed at increasing the distribution reach and quality of the company. Another major change was the closure of the Group's loss-making sugar division; a move that enhanced shareholder value. These changes have positioned Seprod to deliver robust growth through an expansive product mix and access to consumer markets both locally and regionally.
PROVENJMD Proven Investments Limited	P/E: 12.05x P/B: 1.00x Price: $33.09 Div Yield: 3.54%	**OVERWEIGHT** Given the current economic environment, characterized by low interest rates and increased uncertainty, PIL has shifted from the carry trade business to more private equity and real estate ventures, thereby allowing for diversification benefits to be realized - particularly as it relates to the "spreading" of risk. Given the business model of PIL wherein capital is used to acquire strategic assets, this APO is expected and should make the stock accessible to a wider pool of investors. At present, only a small subset of listed companies pursue private equity investments which makes PIL an attractive security for investors who want the liquidity the stock market provides as well as exposure to non-listed companies that can provide value.

Ratings Definitions

OVERWEIGHT/BUY
Exposure to this asset should be between 5% and 10% of your total portfolio

MARKETWEIGHT/HOLD
Exposure to the asset should be equal to 5% of your total portfolio

UNDERWEIGHT
Reduce exposure in your portfolio to less than 5% for this particular asset

SELL
Reduce exposure in your portfolio to zero

Investment Playbook

Barita
MAKING MONEY WORK FOR YOU.

Equities

Stock Ticker	Stock Information (As at December 31, 2021)	Analyst Outlook
PROVENUS Proven Investments Limited	P/E: 10.80x P/B: 0.90x Price: US$0.21 Div Yield: 3.38%	**OVERWEIGHT** Given the current economic environment, characterized by low interest rates and increased uncertainty, PIL has shifted from the carry trade business to more private equity and real estate ventures, thereby allowing for diversification benefits to be realized - particularly as it relates to the "spreading" of risk. Given the business model of PIL wherein capital is used to acquire strategic assets, this APO is expected and should make the stock accessible to a wider pool of investors. At present, only a small subset of listed companies pursue private equity investments which makes PIL an attractive security for investors who want the liquidity the stock market provides as well as exposure to non-listed companies that can provide value.
SCIJMD Sygnus Credit Investments	P/E: 11.23x P/B: 0.77x Price: J$18.90 Div Yield: 1.90%	**OVERWEIGHT** Sygnus provides funding to Mid-Size firms within the lending market, which is considered to have a higher risk and generally overlooked by providers of traditional financing forms. This provides a largely untapped/under-tapped niche market within the Caribbean lending space for Sygnus, a few direct competitors. The flexibility in the financing terms offered by the Company is a clear advantage to borrowers, and it allows SCI to manage its credit risk to generate double-digit risk-adjusted returns on investments, which, consequently, bolsters shareholder value.
SCIUSD Sygnus Credit Investments	P/E: 11.23x P/B: 0.79x Price: US$0.13 Div Yield: 1.92%	**OVERWEIGHT** Sygnus provides funding to Mid-Size firms within the lending market, which is considered to have a higher risk and generally overlooked by providers of traditional financing forms. This provides a largely untapped/under-tapped niche market within the Caribbean lending space for Sygnus, a few direct competitors. The flexibility in the financing terms offered by the Company is a clear advantage to borrowers, and it allows SCI to manage its credit risk to generate double-digit risk-adjusted returns on investments, which, consequently, bolsters shareholder value.

Ratings Definitions

OVERWEIGHT/BUY
Exposure to this asset should be between 5% and 10% of your total portfolio

MARKETWEIGHT/HOLD
Exposure to the asset should be equal to 5% of your total portfolio

UNDERWEIGHT
Reduce exposure in your portfolio to less than 5% for this particular asset

SELL
Reduce exposure in your portfolio to zero

Investment Playbook

Barita
MAKING MONEY WORK FOR YOU.

Equities

Stock Ticker	Stock Information (As at December 31, 2021)	Analyst Outlook
CCC Caribbean Cement Company	P/E: 14.49x P/B: 4.03x Price: J$69.86 Div Yield: 0.00%	**OVERWEIGHT** On the heels of what has been a good year for the company, management expects demand to increase further, fueled by upcoming government projects that will require substantial cement deposits. The recent government budget lends to this expectation as one of the main components of the government's SERVE Programme is infrastructure development. With that said, the company is positioning itself to meet this demand while maintaining its more efficient cost structure which was displayed in 2020, chief among these was the reduction of debt, which in turn reduced the company's cost of debt. In the most recent quarter, profitability declined, largely on the back of poor weather conditions and the company's planned machinery maintenance. Notwithstanding the recent quarter, the Company's outlook remains positive.
LAB The Limners and Bards Limited	P/E: 22.61x P/B: 6.78x Price: J$ 3.84 Div Yield: 2.86%	**OVERWEIGHT** The LAB provides a unique opportunity for investors to get exposure to the first and only advertising and film production company listed on the Jamaica Stock Exchange (JSE). The Lab's business model is built on providing innovative solutions to clients through its main services including its brand/communication strategy, campaign concepts & execution, media buying, and film production. Throughout the pandemic, the company has repositioned its business to meet the demand of clients who needed digital solutions. Consequently, while many industries and companies faltered in 2020, The Lab reported strong top and bottom-line growth of 44.30% and 34.13%, respectively. This growth has continued into 2021, reflecting significant double-digit growth in two of the company's three operating segments. Against the backdrop of a strong, stable business model coupled with robust financial performance, we have issued an OVERWEIGHT recommendation for The Limners and Bards Limited.

Ratings Definitions

OVERWEIGHT/BUY
Exposure to this asset should be between 5% and 10% of your total portfolio

UNDERWEIGHT
Reduce exposure in your portfolio to less than 5% for this particular asset

MARKETWEIGHT/HOLD
Exposure to the asset should be equal to 5% of your total portfolio

SELL
Reduce exposure in your portfolio to zero

Investment Playbook

Barita
MAKING MONEY WORK FOR YOU.

Equities

Stock Ticker	Stock Information (As at December 31, 2021)	Analyst Outlook
CPFV Eppley Caribbean Property Fund SCC	P/AFFO: 29.39x Price: J$44.08 AFFO Yield: 3.40%	**OVERWEIGHT** Since Eppley became the investment manager of the fund, there has been a material improvement both in portfolio's country exposure and type of real estate structures. This has led to a steady increase in the total square feet of the portfolio and increase Net Asset Value (NAV) with diversification. The Fund's pivot towards introducing Jamaican assets, especially in the industrial space will have a positive material impact on the company's long-term performance. This as the Manufacturing and Distribution (M&D) and construction industry have shown material resilience to the impact of COVID-19. As such, the continued focus on improving value to shareholders through divesting away from Barbados and retail properties will act as a positive tailwind for the long-term performance of CPFV.
MAILPAC Mailpac Group Limited	P/E: 24.40x P/B: 15.72x Price: J$ 3.66 Div Yield: 3.01%	**OVERWEIGHT** Having raised just under $500 million in its November 2019 junior market initial public offering (IPO), by March of 2020 the global economy was grappling with the COVID-19 crisis. This posed both a challenge and an opportunity for the Mailpac Group given the sudden and immediate need for e-commerce capabilities in light of social distancing and other non-medical interventions to reduce the spread of the virus. That the company was able to generate $1.7 billion in revenue during 2020 is demonstrative of the management's agility and competence of the company's leadership. They were able to pivot in building both scale and capacity, which are likely to sustain Mailpac's performance prospectively, given the likely scenario that e-commerce is likely to become more ensconced among Jamaica consumers, across various social classes.

Ratings Definitions

OVERWEIGHT/BUY
Exposure to this asset should be between 5% and 10% of your total portfolio

UNDERWEIGHT
Reduce exposure in your portfolio to less than 5% for this particular asset

MARKETWEIGHT/HOLD
Exposure to the asset should be equal to 5% of your total portfolio

SELL
Reduce exposure in your portfolio to zero

Investment Playbook

Barita
MAKING MONEY WORK FOR YOU.

Equities

Stock Ticker	Stock Information (As at December 31, 2021)	Analyst Outlook
GENAC General Accident Insurance Company Ltd.	P/E: 13.12x P/B: 2.17x Price: J$ 6.00 Div Yield: 3.67%	**OVERWEIGHT** We see several possible tailwinds that may bode well for both the insurance sector as a whole and GENAC specifically. Namely, the increasing domestic interest rates. This should support improved investment income of insurance companies like GENAC who would be able to generate greater returns on their insurance float. This, coupled with greater operational efficiency after consolidating regional companies, should further aid profitability going forward. We also note that GENAC will continue to benefit from its relationship with the Musson Group which will allow them to form strategic relationships with both the group's other entities and customers. This will be particularly useful as the company expands into regional markets as the Musson group is diverse with stakes in public and private business across the Caribbean.

Ratings Definitions

OVERWEIGHT/BUY
Exposure to this asset should be between 5% and 10% of your total portfolio

MARKETWEIGHT/HOLD
Exposure to the asset should be equal to 5% of your total portfolio

UNDERWEIGHT
Reduce exposure in your portfolio to less than 5% for this particular asset

SELL
Reduce exposure in your portfolio to zero