MAKING MONEY WORK FOR YOU.

May 16, 2022

Investment Playbook

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Equities

Stock Ticker	Stock Information (As of May 13, 2022)	Analyst Outlook
WISYNCO Wisynco Group Limited	P/E: 23.03x P/B: 4.96x Price: $23.03 Div Yield: 1.30%	**OVERWEIGHT** Throughout the pandemic, Wisynco has managed to improve its operational efficiency but given the effects of COVID-19 on industries such as tourism and education, the Company was unable to deliver significant revenue growth. Now, with tourism rebounding and schools operating at a greater level, Wisynco has married its improved operational efficiency with stronger revenue growth, allowing for significant net profit growth. As tourism is expected to continue growing towards its pre-pandemic level of output, we expect Wisynco to continue to perform well. Wisynco Equity Report
JMMBGL JMMB Group Limited	P/E: 7.59x P/B: 1.38x Price: $46.28 Div Yield: 1.84%	**OVERWEIGHT** Given its relatively low P/E ratio and considering the Group's consistently strong performance throughout the pandemic, the market has been underpricing JMMBGL significantly, relative to its local counterparts. In recognition of this, the JMMBGL Directors approved a share buyback program which should begin in FY2022/23 which begins on April 1, 2022. Share buyback programs reduce the number of shares outstanding. As the supply of shares in the market reduces from the share buyback, share price increase is likely to follow as demand for the stock outweighs supply. JMMB Equity Report
MASSY Massy Holdings Limited	P/E: 10.17x P/B: 1.22x Price: J$ 98.83 Div Yield: 2.77%	**OVERWEIGHT** Massy Holdings Limited. (MHL, Massy), through its portfolio companies, engages in trading, manufacturing, distribution, and service industry businesses throughout the Caribbean region. The company operates through three portfolios: Integrated Retail, Gas Products, Motors, and Machine and two business lines: Financial Services, and Strategic and Other Investments. In financial year 2020, Massy transitioned from a Conglomerate to an Investment Holding Company. By so doing, Massy's strategy has changed, with the Group focusing mainly on its core portfolios. These core areas of the business represent Massy's competitive advantages, are well-positioned to scale, and are therefore expected to drive strategic growth going forward. Massy Equity Report

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

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LASD Lasco Distributors	P/E: 12.96x P/B: 1.69x Price: J$ 3.49 Div Yield: 1.86%	**OVERWEIGHT** Our expectation is for the Company to continue on its growth trajectory, supported by the improving economic backdrop of the global economy, which should manifest through continued domestic demand for goods and services. With increased stopover arrivals and the reopening of key industries such as entertainment and education (face-to-face teaching), there are sufficient catalysts to spur further growth in 2022. However, this isn't without challenges as the global supply bottleneck has affected LASD's margins. In response, management has prudently managed operational costs such that higher imported inflationary has not completely eroded the bottom line, resulting in continued growth. Lasco Distributors Equity Report
SCIJMD/ SCIUSD Sygnus Credit Investments	P/E: 9.11x / 10.97x P/B: 0.64x / 0.77x Price: J$16.52 / US$0.13 Div Yield: 2.17% / 1.94%	**OVERWEIGHT** Sygnus' business model is built on providing capital and direction to the underbanked, targeting the middle market. To accomplish this, the Company has executed several equity raises, the most recent of which was its APO launch in December 2020. Given the increase in its weighted average number of shares, EPS growth has not mirrored the double digit growth in net profit attributable to shareholders. However, we must indicate that continued growth at this level will drive higher EPS growth, once further dilution does not occur. Moreover, the stock trades at significant discount relative to peers both from a P/E perspective and a P/B perspective. At present, the market is pricing Sygnus at a seep discount to its book value per share which we believe is very wrong.
TROPICAL **Tropical Battery Limited**	P/E: 34.32x P/B: 4.45x Price: J$ 3.02 Div Yield: 0.33%	**OVERWEIGHT** Tropical Battery has been aggressively pursuing revenue diversification strategies, to reduce its dependence on auto battery and accessory sales. This is evident by the company's recent launch of three new subsidiaries aimed at providing renewable energy solutions for commercial customers. In addition, the company recently implemented a new inventory management system that has yielded improved operational efficiencies in addition to targeted sales initiatives that have improved revenue growth. We believe that the Company will continue to grow as they build out new revenue lines, improve operational efficiencies and drive targeted sales initiatives. Tropical Battery Equity Report
PROVEN JMD/PROVEN USD Proven Investment Limited	P/E: 11.31x/11.55x P/B: 1.11x/1.14x Price: J$37.34/ US$0.26 Div Yield: 3.13% / 2.94%	**OVERWEIGHT** Proven has shown strong revenue and profit growth throughout the current financial year, a performance-driven by the Group's accretive acquisitions. Most notable among these include JMMBGL and Roberts Manufacturing Company Limited. The company continues to demonstrate its appetite for growth through acquisitions as evidenced by the recent 100% acquisition of Fidelity Bank(Cayman). Given the company's history of acquiring companies with accretive value, we expect Fidelity will be similar. Coupled with this, we believe Proven is trading at favorable PE and PB multiples relative to the market.

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Lumber **Lumber Depot Limited**	P/E: 12.26x P/B: 5.34x Price: J$ 3.31 Div Yield: 1.81%	**OVERWEIGHT** Lumber represents an option to gain exposure to the construction sector which has been a relatively resilient and fast-growing sector. With this sector tailwind, lumber has shown strong revenue growth since its 2019 listing and the current Trailing Twelve Months(TTM) profits is 28.6% higher than financial year 2021 earnings. While there were however hiccups in the last 6 months earnings which was impacted by a combination of lock down restrictions and rising input costs respectively for Q1 and Q2, we are still monitoring how the company progresses given the loosening of restrictions and continued growth in the construction sector. We also note that despite the growth it has shown over the last 2 years, the stock still trades at an attractive PE compared to Junior market peers. Lumber Equity Report
LAB The Limners and Bards Limited	P/E: 19.94x P/B: 5.81x Price: J$ 3.28 Div Yield: 3.35%	**OVERWEIGHT** The LAB is the only listed Creative Agency on the JSE. Throughout the pandemic, the demand for the services provided by the Company has been strong. In FY2021 alone, revenue grew by 35%, an indication of the demand for the Company's services while net profit grew by 22%. With consistently positive cash flows and a cash balance that is 1.36x larger than the Company's current liabilities, we believe the Lab is poised to invest its capital efficiently towards further growth. The first step towards this is the Lab's brainchild, "SCOPE Caribbean". To date, SCOPE has not been profitable which has negatively impacted the Lab's net profit growth. This is not abnormal for a new business, and we expect this should turnaround as the business scales. The LAB Equity Report
GK GraceKennedy Limited	P/E: 12.86x P/B: 1.48x Price: J$ 107.35 Div Yield: 1.80%	**MARKETWEIGHT** For their financial year ended December 2021, the company reported growth in both their top and bottom line. Revenues increased by 12% and profit increased by 32%. Now, the company has indicated several transactions in their pipeline, including a few in insurance, one in fintech and others outside of Jamaica. These acquisitions stand to add more diversity and growth to the company's earnings. Grace Kennedy Equity Report
LASM Lasco Manufacturing	P/E: 13.64x P/B: 2.41x Price: J$ 5.10 Div Yield: 1.42%	**MARKETWEIGHT** Our expectation is for the Company, like others, to continue benefiting from an improving economic backdrop. However, there has been a clear revenue growth slowdown in the most recent quarterly result, coupled with reduce gross profit margins throughout FY2022, owing to global supply chain issues and a higher effective tax rate as Lasco no longer benefits from the Junior Market tax incentive. Lasco Manufacturing Equity Report

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SEP Seprod Limited	P/E: 25.75x P/B: 2.19x Price: J$ 71.85 Div Yield: 1.81%	**MARKETWEIGHT** Seprod has been considerably affected by global supply chain issues that have increased the Company's cost of sales. While this has occurred, instead of raising prices to consumers equivalently, Seprod has absorbed some of these costs which has affected profitability. To help mitigate this, the Group has improved its operational cost management which has had positive implications on the performance. Notwithstanding, the cost of sales remains elevated, and has only trended upwards throughout FY2021, with no clear methods to manage or reduce the current pace of the increase. Therefore, while we expect current operational cost controls to help, the uncertainty regarding cost of goods remains an ever-present threat to Group profit growth, especially given the current inflationary environment. Seprod Equity Report
MAILPAC Mailpac Group Limited	P/E: 19.36x P/B: 9.02x Price: J$ 2.71 Div Yield: 4.06%	**MARKETWEIGHT** During the peak periods of the pandemic, MAILPAC benefited immensely as online shopping became a larger share of shoppers' wallets. In large part, this period of heavy COVID-19 fear has reduced and while we anticipate online shopping will remain integral for the everyday consumer, the outsized growth we witnessed in FY2020 will likely soften further. Admittedly, the Company has a robust balance sheet with more cash than total liabilities which we believe places MAILPAC in a position to make growth-inducing investments. The current slowdown in demand and consequently revenue and profit growth, matched with the Company's strong balance sheet underscores our MARKETWEIHT recommendation MailPac Equity Report
SGJ Scotia Group Jamaica Limited	P/E: 13.27x P/B: 0.97x Price: J$ 35.97 Div Yield: 4.31%	**MARKETWEIGHT** The greatest driver of profitability in FY2021 was the reduction of Expected Credit Losses (ECL) relative to the previous year as the economic backdrop improved. Scotia is not likely to have this benefit recur to the magnitude it did in FY2021. This, coupled with no clearly communicated path to growing its main revenue lines in an industry that is highly competitive presents obvious challenges for the Group. However, Scotia has two major positives. The first is that the current rising interest rate environment supports the Group's bank model, more so than other listed financial institutions. The second is that SGJ is a consistent source of relatively attractive dividends which makes the Company a good asset for investors with a clear preference for income. Scotia Group Equity Report

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FTNA Fontana Limited	P/E: 24.47x P/B: 6.57x Price: J$ 11.01 Div Yield: 1.63%	**MARKETWEIGHT** Fontana has been growing and expanding since listing on the junior exchange in 2019. The Company has plans to expand, which includes a new outlet to bring their stores to a total of seven locations. In its most recent quarter, Net Profit saw a marginal increase of 0.1% due largely to the impact of FX losses. Further, cost of sales has been impacted given the current inflationary environment and is likely to continue being affected in the near to medium term. However, the company continues to grow organically and is financially positioned to do so. Due to the current environment and exposure to FX liabilities, profitability could dampen in the near term but in the long term, the addition of its new outlet could support growth. On balance, the Company has both significant risks and the potential for upside, which underscores our recommendation. Fontana Equity Report
SVL Supreme Ventures Limited	P/E: 29.64x P/B: 18.12x Price: J$ 31.26 Div Yield: 2.56%	**MARKETWEIGHT** Supreme Ventures is the market leader in the lottery and gaming industry. The company has also in recent years embarked on an aggressive growth strategy through several acquisitions (Champion Gaming and Post To Post Betting). The company would have been impacted by the pandemic as the lockdown measures impacted its operations at Caymanas Park. With the easing of restrictions, the Company should benefit from an easing of lock down restrictions and a normalization of business. Despite this, in the medium term we note that the company now has competition in the lottery segment of the market which may negatively impact margins. The degree to which this might impede the pace of revenue growth will however depend on the take up of new games such as Scratchaz which, at present, seems popular amongst younger consumers as it is a new addition to the Company's product offerings. Supreme Ventures Equity Report
ECL Express Catering Limited	P/E: 13.83x P/B: 24.16x Price: J$ 5.96 Div Yield: N/A	**UNDERWEIGHT** With the ongoing recovery of the tourism industry, we believe ECL's revenues will increase year over year. However, the Company is not currently operating at pre-covid efficiency levels, as price increases due to the current global supply chain challenges have driven higher costs across all product categories. Consequently, there has been a clear deterioration of the Company's profit margins. Higher cost of goods has had implications for the Company's profitability and while we expect continued growth in the tourism industry will drive higher revenue, we also expect the inflationary environment to present challenges for the Group's profitability. ECL Equity Report

Monitoring List

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MDS Medical Disposable Supplies	P/E: 13.80x P/B: 1.69x Price: J$ 6.90 Div Yield: 1.01%	Medical Disposables and Supplies have quietly been diversifying its revenue streams over the last 2 years. This is inclusive of its purchase of 60% of Cornwall Medical and Dental Supplies(CMDL) which has been consolidated into the company's financials as of their second quarter 2021. This increases the company's exposure to the dental supplies space and expands their reach into the western end of the island. The company has also shifted to providing more confectionary products and we believe its expansion and diversification efforts are worth watching.
JBG Jamaica Broilers Group	P/E: 11.19x P/B: 1.67x Price: J$ 28.77 Div Yield: 1.49%	The Jamaica Broiler's group has effectively decreased the size of its Haiti operations which has been weighing on performance for the last few quarters. This when coupled with the Group's expansion efforts into the United States may provide tailwinds for increased profitability going forward.
SOS Stationery & Office Supplies	P/E: 22.09x P/B: 3.51x Price: J$ 9.50 Div Yield: 1.68%	Stationery and Office Supplies presents investors with another option to benefit from the reopening of the domestic economy. A core segment of their business would have suffered from the lockdown measures and work from home, namely the sale of furniture and its SEEK line of books. However, during that period stationary sales have done well to fill that revenue gap. With the resumption of economic activity, the return to office and the expansion in the BPO sector, SOS might be a large beneficiary in 2022.
SJ Sagicor Group Jamaica Limited	P/E: 11.79x P/B: 1.65x Price: J$ 55.30 Div Yield: 2.01%	Sagicor Group Jamaica Limited would have been adversely impacted by the pandemic even more so than the typical financial sector company due to their exposure to the tourism sector. This would have therefore led to sizeable impairment losses on their investment in associated companies (I.e., Playa Hotel and Resorts). For 2022 we therefore expect to see some amount of recovery as the group has disposed of their investments in Playa which will stem impairment losses while simultaneously still having direct exposure to travel through their US resort (The Hilton DoubleTree) while their banking services should benefit from a pickup in economic activity.

The "Monitoring List" includes stocks that are on our radar as our initial expectation for these companies is positive. However, no official recommendation is presented as these stocks are still being evaluated.

Unit Trust

Unit Trust Fund	12/05/2022	05/05/2022	Week/Week Return	Year-to-Date Return	1 Year Return	Yield
Capital Growth	104.01	103.89	0.12%	13.11%	12.26%	-
Money Market	15.0853	15.1825	-0.64%	-0.91%	0.41%	2.54%
Income Portfolio	100.00	100.00	0.00%	-	-	3.35%
FX Bond Portfolio (US$)	1.3450	1.3484	-0.25%	-2.41%	-0.69%	2.69%
Real Estate Portfolio	5,241.17	5,553.45	-5.62%	-1.12%	-10.08%	-
FX Growth Portfolio	0.8941	0.9588	-6.75%	-17.37%	-9.64%	-

"Someone's sitting in the shade today because someone planted a tree a long time ago."

Warren Buffett

LOCAL EQUITY MARKET

For the week ended May 13, 2022, the local stock market increased week-over-week. The Main Market Index increased by 0.22%, the JSE Junior Market Index declined by 2.05%, and the JSE USD Equities Index improved by 1.73%. During the week, Mayberry Investments Limited was the biggest gainer, gaining 27.70% to close at $11.25. The biggest decliner was Jetcon Corporation Ventures Ltd, which declined by 21.11% to close at $1.42.

Year to Date, with the ongoing rebound in the local economy, small-cap stocks, reflecting those listed on the Junior Market Index have continued the strong performance seen in 2021, growing by 29.63% YTD, outpacing its Main Market counterpart 1.62% YTD by a wide margin.

For the week Overall Market activity resulted from trading in 118 stocks of which 45 advanced, 65 declined and 8 traded firm. Market volume amounted to 191,862,246 units valued at over $1,848,585,540.09.

The following companies represent the overall volume leaders:

1. TransJamaican Highway Limited Shares with 3,518,067 units (14.11%)
2. Spur Tree Spices Jamaica Limited with 1,911,588 units (7.67%)
3. Derrimon Trading Company Limited with 1,591,652 units (6.38%)

Revisiting relevant news during the week:

Guardian Holding Limited (GHL) exited its reinsurance business at the end of 2021 following the US$10-million (TT$67.94-million) loss it incurred in the third quarter due to the floods in Germany.
Guardian Holdings exits reinsurance business

Following its listing on the Jamaica Stock Exchange (JSE) on January 14, Spur Tree Spices Jamaica Limited was able to grow its consolidated revenue by 41 per cent to $237.13 million and its consolidated net profit by 194 per cent from $17.30 million to $50.81 million for the first quarter ending March 31, 2022.
Spur Tree nearly triples first-quarter profit

Real Estate Development Company Stanley Motta Limited has broken ground for the construction of its expanded campus at 58 Half-Way-Tree Road (58 HWT) in St Andrew. The building, slated for completion in 2024, will be 126,000 square feet, with 44 parking spaces and over 10 floors. The building will house a lobby area with requisite restroom facilities, a café, four elevators, and a specially designed space to house a rooftop terrace entertainment area.
Stanley Motta hunts tenants for 10 new floors of BPO space

Sagicor Group Jamaica Limited (SJ) achieved its highest first-quarter (January - March) earnings to date as its net profit attributable to shareholders grew by 31 per cent to $3.82 billion, a figure which exceeded the $2.70 billion recorded in Q1 2019.
Sagicor Group breaks $3.8 billion in Q1 profits

Despite the slow rebound in economic activity across the Caribbean, NCB Financial Group Limited (NCBFG) achieved its best second quarter (January – March) on record as its net profit attributable to shareholders rallied by 295 per cent to $7.79 billion. This performance, which not only exceeded the $5.89 billion in the first six months of 2021, but even higher than the $6.28 billion set in Q2 2018.
NCB Financial hits record Q2 profit

Index	13/05/2022	06/05/2022	31/12/2021	Week/Week	Year-to-Date
JSE Main Market	402,589.33	401,715.42	396,155.61	0.22%	1.62%
JSE Junior Market	4,444.25	4,537.15	3,428.30	-2.05%	29.63%
JSE Combined Market	416,375.44	416,382.22	401,130.23	0.00%	3.80%
JSE USD Equities Market	227.59	223.73	195.51	1.73%	16.41%
JSE Financial Index	95.40	93.33	98.05	2.22%	-2.70%
JSE Man & Dis Index	113.68	117.31	100.38	-3.09%	13.25%

INTERNATIONAL DEVELOPMENTS

US

Stocks recorded another week of losses, as investors appeared to grow increasingly skeptical that the Federal Reserve will be able to achieve a "soft landing" for the economy by raising rates enough to tame inflation without causing a recession. The Cboe Volatility Index (VIX) remained elevated but slightly below its recent intraday high on May 2. T. Rowe Price traders noted high trading volumes in exchange-traded funds, indicating high levels of hedging activity. Many cryptocurrencies plunged in value, further suggesting a strong risk-off environment.

Negative signals on each theme arguably emerged during the week, but it may have been Wednesday's inflation data that weighed the most on sentiment. Headline consumer inflation fell back a bit from March's pace but not as much as expected, rising 8.3% year over year versus consensus estimates of around 8.1%; likewise, core consumer inflation (excluding food and energy) pulled back less than expected to 6.2% versus 6.0%. Core producer prices rose a bit less than expected in April, but March's monthly gain was revised higher to a record 1.2%. Particularly worrying to investors may have been the 0.7% monthly surge in consumer prices for services (less energy services), indicating that inflationary pressures were moving beyond manufacturing and energy supply chains and becoming more broadly embedded in the economy. Airline fares jumped 18.6% over the month, for example, the largest increase on record.

The smaller-than-expected decline in consumer inflation caused a brief jump in the yield of the benchmark 10-year U.S. Treasury note on Wednesday, but it ended sharply lower for the week as a whole and fell back below 3.0%. (Bond prices and yields move in opposite directions.) Our traders observed signs that the typical inverse correlation between equities and Treasuries may be returning as stock prices fell meaningfully during the week.

Europe

Shares in Europe rebounded from earlier weakness to finish higher, despite ongoing concerns about inflation, tightening monetary policy, and the economic outlook. In local currency terms, the pan-European STOXX Europe 600 Index ended 0.83% higher. Russia imposed sanctions on European Union (EU) energy companies, including Gazprom Germania, which was taken over by Germany last month. Russia's state-owned gas company Gazprom then said it would cut shipments to Europe via the Yamal pipeline, which runs through Poland to Germany. Earlier, Ukraine's pipeline operator stopped flows through one of the two pipelines transporting Russian gas through the country to Europe, blaming interference by Russian armed forces.
Meanwhile, EU diplomats could drop proposals to ban Russian oil temporarily while moving ahead with other measures that would be part of a sixth package of sanctions, according to the POLITICO website, citing diplomats. The ban is opposed by countries that rely on Russian oil supplies, including Hungary.

China

Chinese stocks rallied as a fall in coronavirus cases and reassuring comments from the securities regulator lifted investor sentiment. The broad, capitalization-weighted Shanghai Composite Index added 2.7%, and the blue-chip CSI 300 Index, which tracks the largest listed companies in Shanghai and Shenzhen, rose 2.1%. The yuan weakened to CNY 6.80 per U.S. dollar from CNY 6.67 a week ago. The currency has fallen more than 5% against the greenback in the last three weeks amid rising U.S. interest rates, the Russia-Ukraine war, slowing domestic growth, and speculation that the central bank will act to slow its depreciation.

T.Rowe Price Global Market Update

Index	13/05/2022	06/05/2022	31/12/2021	Week/Week	Year-to-Date
Dow Jones	32,196.66	32,899.37	36,338.30	-2.14%	-11.40%
S&P 500	4,023.89	4,123.34	4,766.18	-2.41%	-15.57%
NASDAQ 100	12,389.23	12,693.54	16,320.08	-2.40%	-24.09%
FTSE 100	7,421.95	7,387.94	7,384.54	0.46%	0.51%
Euro Stoxx 50	3,703.42	3,629.17	4,298.41	2.05%	-13.84%

ABOUT US

Barita Investments Limited, is a publicly traded company on the JSE, 74.3% owned by Cornerstone Financial Holdings Limited ("Cornerstone"). Founded by Rita Humphries-Lewin in 1977, the Company has the distinction of being the oldest stockbrokerage in Jamaica. The Company is licensed by the FSC as a Securities Dealer, is a member dealer of the JSE and is a Primary Dealer and Cambio Dealer for the Bank of Jamaica ("BOJ").

Barita, home of one of Jamaica's top performing equity funds, has a legacy of excellence, and is recognized as established in relation to middle market retail segment products and for Unit Trust performance.

Products and services include:

- Cambio Trading
- Fixed Income Trading
- Stock Brokerage
- Pooled Funds Management
- Structured Products
- Retirement Planning
- Wealth Management
- Investment Banking

Through its subsidiary, Barita Unit Trusts Management Company Limited ("BUTM"), Barita currently offers six (6) unit trust products spanning fixed income, equities and real estate.

Contact us
Tel:(876) 926-2681 or (888) 429-5333
Website: *www.barita.com*