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Analyst Insight
Page 1

Investment Playbook
Page 3

Monitoring List
Page 10

Unit Trusts
Page 11

Local Equity Markets
Page 12

International Developments
Page 13

About Us
Page 14

Analyst Insight

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Article IV IMF Report on Jamaica - Key Takeaways

Introduction

One of the most significant news articles recently has been the international reporting on the conclusion of Jamaica's latest article 4 consultation with the IMF. An article 4 consultation is essentially a part of the IMF's Country-level oversight function where they monitor the economic health of member states. During this process, an IMF team of economists visits the member state to assess the economic and financial developments while discussing the overall economic outlook. Note that these consultations are typically done yearly.

Given that these consultations are done yearly, what made the latest report so important? This was partially due to the latest article 4 summary being reported on by the Financial Times, a British daily financial newspaper with a fairly international reader base. It is important once again to contextualize the reach of the financial times, which, based on the Global Capital Markets Survey is the most-read publication among senior financial decision-makers globally. Secondly, the review and outlook presented by the IMF were favorable and essentially serves as a "post-pandemic" review of the Jamaican economy (considering 2020 and 2021 to be years where the impact of the pandemic was relatively more pronounced).

The Gist of the Article 4 Report

In summarizing the latest report, we highlight 3 themes, we also essentially serve as a summary of the current state and trajectory of the Jamaican economy. These are the pandemic recovery, institutional and policy resilience, and then finally key considerations and outlook. Firstly, the fund notes that the recovery of the Jamaican economy is strong, with growth projected to be above its long-run trend both this year and the next (This, therefore, implies that a recession currently isn't the base case expectation within the short to medium-term). Secondly, the fund continues to praise the efforts the Country has made regarding fiscal prudence and the institutionalization of such. This includes a reversal of pandemic-related spending and a return to a fairly large primary surplus of 5.5% of GDP which has set the path for debt to GDP to reach 60% by 2027/28. Additionally, the IMF praised the passing of legislation that entrenches fiscal discipline, i.e., fiscal council legislation, as well as continued efforts to strengthen tax and customs administration.

The article then stated several key considerations to look out for going forward. This included risk factors that we are familiar with by now, including, inflation and growth risks due to the war in Ukraine and the possibility of further business disruptions due to covid (albeit unlikely in our view). Key recommendations included a need for structural reforms to boost economic growth. These reforms are targeted at reducing crime which greatly increases the cost of doing business. The fund also recommends addressing these structural shortfalls limiting total factor productivity by improving

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investment in education and financial access for SMEs. Lastly, the IMF also highlighted the need to reduce long-term vulnerabilities posed by climate change. The recommendations for achieving such is inclusive of creating incentives for renewable energy sources and developing markets for green bonds.

Implications

While the article itself and the reporting by the financial times won't directly boost your investments, the overall sentiment expressed, and the actual underlying state and trajectory of the economy as presented have positive ramifications (assuming we stay the course). However, it is notable that the underlying implications are broad, but we will focus purely on investment implications. The main underlying theme and what has gotten international attention was also the adherence to fiscal prudence and so we focus on implications spanning from this.

Firstly, the building of a resilient fiscal framework reduces the level of risk inherent in investing in Jamaica. A large implication of this reduction in Country risk is a reduction in the difference between domestic and foreign interest rates. Given the downward trend in global interest rates, this essentially reduces the level of domestic interest rates as this risk premium which acts as a wedge between domestic and global interest rate is eroded. This has far-reaching implications including access to cheaper financing for businesses and greater foreign investment. Both can contribute positively to productivity and hence earnings growth assuming effective capital allocation.

Another factor in this is that macroeconomic factors undoubtedly affect the microeconomic factors that domestic businesses face daily. It is for this reason that when people judge the value of a business, the risks inherent in operating within the Country and the regulatory environment under which it is governed are usually factored into the equation. Hence in layman's terms, the decreased riskiness of the Country reduces the risk of investing in a Company operating in that Country, which often leads to higher valuations. This when further compounded with the “crowding in” effect of greater fiscal prudence, therefore, acts as a springboard for equity markets. It is therefore not surprising that the best JSE yearly performances came on the back of fiscal consolidation and lower interest rates (i.e., think post-2012/13).

Conclusion

The IMF report further outlined the progress being made in Jamaica. This report was then subsequently reported on by a major news outlet with international reach and notoriety further exposing the global investment community to Jamaica’s progress. The indirect benefits for the domestic investment landscape are far-reaching in the long term if the Country stays its course. These include lower Country risk and hence lower interest rates, which boosts domestic and foreign investment and improves the relative attractiveness of Jamaican investments from a risk/valuation standpoint. While these benefits won't be seen overnight, the current trajectory remains positive for the domestic financial landscape. While we celebrate these accomplishments, we look forward to even more improvements, particularly as it relates to unlocking the productive capacity of the economy.

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Investment Playbook

EQUITIES

Stock Ticker	Stock Information (as at February 10, 2023)	Comments
WISYNCO Wisynco Group Limited	P/E: 14.64x P/B: 3.20x Price: $17.27 Div Yield 0%	**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: 6.39x P/B: 1.34x Price: $31.94 Div Yield 0.78%	**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. JMMBGL's price has declined by 15.7% YTD which provides investors with an opportunity to acquire JMMBGL shares at a more attractive price. The the long-term outlook for the company and the stock remains favorable, buoyed by an expanding regional footprint. JMMB Equity Report
MASSY Massy Holdings Limited	P/E: 8.67x P/B: 1.01x Price: $79.99 Div Yield 4.38%	**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

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LASD **Lasco Distributors**	P/E: 7.89x P/B: 1.16x Price: $2.60 Div Yield 3.46%	**OVERWEIGHT** Our expectation is for the Company to continue along 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: 11.54x / 14.60x P/B: 0.69x / 0.87x Price: $11.93 / $0.1 Div Yield: 3.36% / 2.64%	**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. Sygnus has demonstrated their commitment to growth and being the market leader in the regional private credit space with their acquisition of a Puerto Rico-based, private credit firm, Acrecent Financial in Q3 of their financial year. The stock trades at significant discount relative to peers both from a P/E perspective and a P/B perspective. At present, given Sygnus' strong current and expected future growth, the market is pricing Sygnus at a steep discount to its book value per share.
TROPICAL **Tropical Battery Limited**	P/E: 15.13x P/B: 2.97x Price: $2.30 Div Yield 0.87%	**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

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PROVENJMD/ PROVENUSD Proven Group Limited	P/E: 17.68x / 17.40x P/B: 1.19x / 1.11x Price: $29.30 / $0.19 Div Yield: 2.77% / 2.74%	**OVERWEIGHT** Proven has shown a decline in profitability throughout the current financial year, a performance driven by lower share of earnings of associates and higher operating expenses. The company continues to demonstrate its appetite for growth through acquisitions as evidenced by the recent 100% acquisition of Fidelity Bank (Cayman). The company has a history of acquiring companies with accretive value. We expect that profit margins will improve in the future as one-off spending related to recent acquisitions pass.
LUMBER Lumber Depot Limited	P/E: 9.86x P/B: 2.95x Price: $2.17 Div Yield 2.40%	**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 financial year 2022 revenue and net profit are 10.1% and 26.8% higher than financial year 2021 revenue and earnings, respectively. 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 Depot Equity Report
LAB The Limners and Bards Limited	P/E: 16.93x P/B: 4.18x Price: $2.54 Div Yield 3.56%	**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

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JBG Jamaica Broilers Group Limited	P/E: 7.40x P/B: 1.65x Price: $31.75 Div Yield 2.11%	**OVERWEIGHT** JBG's financial performance has rebounded nicely from the lows seen in FY2020, driven by the recovery in the Jamaican economy and tourist arrivals, coupled with JBG's growing presence in the US market and the increasing production of the Best Dressed Chicken line of products. Despite efforts made to decrease the impact of its Haiti operations, it continued to weigh on group performance. Positive results from expansion into the United States and recovery in Jamaican operations have offset poor performance in Haiti, resulting in increased sales and profitability in FY2022, as well as a return to operating cash inflows. Jamaica Broilers Group Equity Report
GK GraceKennedy Limited	P/E: 9.96x P/B: 1.12x Price: $77.80 Div Yield 2.60%	**MARKETWEIGHT** For the nine months ended September 30, 2022, GK reported significant top-line growth, however, margin deterioration contributed to a decline in the bottom line. Revenues increased by 12.2% and profits remained flat as operating expenses grew at a rate of 13.6%. The company cited challenges presented by high inflation globally, sustained supply chain issues, increasing interest rates, and foreign currency volatility as issues that have affected profit margins. GK continues to advance its merger & acquisition (M&A) strategy, following the acquisition of Bluedot in the second quarter of 2022, the company continues to seek M&A transactions locally and internationally. These acquisitions stand to add more diversity and growth to the company's earnings. GraceKennedy Group Equity Report
LASM Lasco Manufacturing	P/E: 9.56x P/B: 1.72x Price: $4.33 Div Yield 2.31%	**MARKETWEIGHT** Our expectation is for the Company, like others, to continue benefiting from an improving local economic backdrop. There has been an increase in the revenue growth rate for the six months ended September 30, 2022, when compared to the financial year ended June 30, 2022. However, this was partially offset by a slight reduction in the gross profit margin, owing to global supply chain issues and the general inflationary environment. Lasco Manufacturing Equity Report

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SEP **Seprod Limited**	P/E: 18.89x P/B: 1.72x Price: $65.54 Div Yield 2.29%	**MARKETWEIGHT** Seprod has experienced a deterioration in its cost of sales, owing to global supply chain issues and other inflationary pressures. Despite this, instead of raising prices to consumers by a similar magnitude, Seprod has absorbed some of these costs which have affected profitability. Profits have increased over the 9-month period ended September 30, 2022, however, margins have deteriorated. Therefore, the uncertainty regarding the cost of goods remains a threat to Group profit growth, especially given the current inflationary environment. The Group has acquired A.S Bryden, which will diversify the Group's revenue further and is expected to be accretive. Seprod Equity Report
MAILPAC **Mailpac Group Limited**	P/E: 13.93x P/B: 8.34x Price: $1.95 Div Yield 8.72%	**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 Group Equity Report
SGJ **Scotia Group Jamaica Limited**	P/E: 8.97x P/B: 0.94x Price: $33.62 Div Yield 4.16%	**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. The group has made an accelerated effort to digitize its business in line with its digital strategy to drive efficiency and better service customer needs. SGJ is looking to further consolidate its operations and funnel investments in core operations through technology and talent, while also looking to enter new markets and launch new products. 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: 16.76x P/B: 4.75x Price: $8.55 Div Yield 2.34%	**MARKETWEIGHT** Fontana has been growing and expanding since listing on the junior exchange in 2019. The Company has plans to expand, which include a new outlet to bring its footprint to a total of seven locations. In its most recent quarter, Net Profit saw a 43.3% increase over the same quarter in the prior financial year. Further, the 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 increased finance costs, 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: 24.89x P/B: 16.48x Price: $26.54 Div Yield 3.50%	**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: 32.43x P/B: 12.90x Price: $4.93 Div Yield 0%	**MARKETWEIGHT** ECL has seen improved performance as the tourism industry rebound, following the pandemic, has been robust. 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. While we do expect the tourism industry to continue to recover, driving ECL's revenues to grow and likely surpass pre-covid levels by FY2023/FY2024, the inflationary pressures can not be ignored. Longer-term we do expect the company to reap the benefits of their expanded footprint within the Sangsters International Airport as well as the return to trend growth in stopover arrivals. ECL Equity Report

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VMIL Victoria Mutual Investments Limited	P/E: 21.16x P/B: 2.00x Price: $4.02 Div Yield: 0.00%	**OVERWEIGHT** Victoria Mutual has recently rebranded under the "VM Group". By association, there has been implications for VMIL. For example, the Company has been significantly more active in the capital markets through its investment banking arm. We expect continued growth in the investment banking space will add considerable value to the Company's bottom line which has already shown clear improvement throughout FY2021. VMIL Equity Report

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EQUITIES

Stock Ticker	Stock Information (as at February 10, 2023)	Comments
MDS Medical Disposable Supplies	P/E: 13.44x P/B: 1.12x Price: $4.84 Div Yield 0%	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.
SOS Stationery & Office Supplies Limited	P/E: 13.44x P/B: 4.37x Price: $15.46 Div Yield 1.16%	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: 14.25x P/B: 1.95x Price: $53.00 Div Yield 3.02%	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" represents 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.*

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Unit Trust

Unit Trust Fund	10/02/2023	03/02/2023	Week/Week Return	Year-to-Date Return	1 Year Return	Yield
Capital Growth	87.72	90.89	-3.49%	-5.14%	-2.86%	-
Money Market	15.6165	15.6004	0.10%	0.42%	2.24%	4.43%
Income Portfolio	100.00	100.00	-	-	-	4.90%
FX Bond Portfolio	1.3479	1.3462	0.13%	0.39%	-2.14%	4.64%
Real Estate Portfolio	8,038.20	7,999.24	0.49%	0.79%	1432.71%	-
FX Growth Portfolio	0.9062	0.8965	1.08%	6.01%	-13.16%	-
FX Income Accumulator	1.0051	1.0043	0.08%	0.29%	0.00%	0.37%

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

Warren Buffett

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LOCAL EQUITY MARKET

For the week ended February 10, 2023, the local stock market as measured by the Combined Index declined by 0.52%. The Main Market Index declined by 0.45%, the JSE Junior Market Index declined by 1.11%, and the JSE USD Equities Index advanced by 4.11%. During the week, Consolidated Bakeries JA. was the largest ordinary equity gainer, rising by approximately 22.22% to close at $2.53. The biggest decliner was Margaritaville Ltd., which fell by 29.01% to close at US$0.10.

Small-cap stocks, reflecting those listed on the Junior Market Index have slightly outperformed on a YTD basis, declining by 2.25%, outpacing its Main Market counterpart which has declined 5.51%.

For the week ended February 10, 2023, overall market activity resulted from trading in 123 stocks of which 27 advanced, 87 declined and 9 traded firm. Market volume amounted to 99,771,883 units valued at over $838,930,439.72. Wigton Windfarm Limited was the volume leader with 215,596,829 units (15.37%), followed by MFS Capital Partners with 10,285,773 units (10.14%)), and Sagicor Select Funds Limited - Financials with 7,642,596 units (7.53%)

Revisiting relevant news during the week:

138 Student Living board signs off on APO

The board of student housing company 138 Student Living Jamaica Limited has signed off on plans for an additional public offering of shares, or APO, but will need the approval of shareholders to execute the transaction.

138 Student APO

Scotiabank and TAJ partner for digital payments

Scotibank and Tax Administration Jamaica (TAJ) have announced a partnership that will bring enhanced tax payment capabilities and convenience to the bank's Internet bill payment platform. All Scotiabank customers, including business banking customers, are now able to make real time payments of approximately 30 tax types using the Scotia OnLine banking platform or the Scotia mobile app.

Scotia and TAJ Partnership

Sagicor to utilize facial recognition tech as proof of life for pensioners

Pensioners aligned with the private pension schemes that Sagicor Jamaica administers on behalf of companies can now use their own faces as proof that they are still alive.

Sagicor to utilize Facial Recognition Tech

GK invests US$3m in renewables, pivots to solar

The food division of conglomerate GraceKennedy Limited has invested US$3 million since last year, approximating nearly half-billion dollars in local currency, to reduce its reliance on power supplies from the national electricity grid.

GK to invest in renewables

IMF warns of risks to Jamaica's recovery

While Jamaica's economy is recovering from what the International Monetary Fund (IMF) calls a "difficult global environment", the institution warned that the country's outlook could be dimmed by uncertainty and risks. In its Article IV Consultation with Jamaica, the IMF listed the uncertainties.

IMF Warning

Index	10/02/2023	03/02/2023	30/12/2022	Week/Week	Year-to-Date
JSE Main Market	336,285.42	337,795.57	355,896.64	-0.45%	-5.51%
JSE Junior Market	3,896.65	3,940.47	3,986.44	-1.11%	-2.25%
JSE Combined Market	349,472.69	351,286.59	368,591.98	-0.52%	-5.19%
JSE USD Equities Market	232.63	223.44	233.97	4.11%	-0.57%
JSE Financial Index	80.30	80.69	85.88	-0.48%	-6.50%
JSE M&D Idex	93.88	94.08	97.42	-0.21%	-3.63%

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INTERNATIONAL DEVELOPMENTS

U.S.

Benchmarks give back a part of the previous week's gains

The major benchmarks ended lower in a week with relatively few important economic releases or other concrete drivers of sentiment. Sector performance was relatively uniform within the S&P 500 Index, with energy stocks being the notable upside outlier and communication services shares the prominent laggard. Our traders also observed that a recent pattern of short covering—or the buying of certain stocks by hedge funds and others to cover previous bets that the shares would fall—was perceived by many to be coming to an end.

Fed Chair Jerome Powell still thinks disinflation has begun

Statements from Federal Reserve officials appeared to send stocks in opposite directions on Tuesday and Wednesday. Stocks rallied Tuesday, after Fed Chair Jerome Powell, in a question-and-answer session at the Economic Club of Washington, repeated an earlier reference to the disinflation process having started. Some investors had worried that the major upside surprise in the January payrolls report, released the previous Friday, might cause Powell to change his tone. Our traders noted that a series of apparently hawkish comments from other Fed officials the following day seemed to send stocks back lower, however.

Yield curve inversion hits most extreme level since early 1980s

The yield on the benchmark 10-year U.S. Treasury note increased solidly over the week as investors appeared to continue digesting the previous week's strong January payrolls report. (Bond prices and yields move in opposite directions.) The yield curve inverted further—Bloomberg reported that two-year Treasury yields moved to their highest level over 10-year yields in four decades—as fears grew that the Fed would need to push the economy into recession in order to tame inflation.

Europe

ECB hawks stress the need for more rate hikes

Several European Central Bank (ECB) policymakers reasserted their hawkish stance in the wake of the most recent rate-setting meeting, warning against complacency in the fight against inflation. Comments by Executive Board member Isabel Schnabel seized the market's attention at the start of the week. The recent slowing of inflation wasn't necessarily due to ECB policy, she argued, while stressing that underlying inflation was still extraordinarily high. German Bundesbank President Joachim Nagel, Latvian central bank Governor Martins Kazaks, and Dutch central bank Governor Klaas Knot all suggested that rates would have to rise further after what is expected to be another half-point increase in March.

German Finance Ministry sees mild slowdown; inflation slows more than forecast

The German Finance Ministry said it expected the winter slowdown to be mild because of strong industrial order books, an improvement in confidence, and easing supply bottlenecks. Earlier, data showed industrial production in December fell 3.1% sequentially, largely due to slowdowns in energy-intensive industries. However, industrial orders rose 3.2% on the month—the biggest increase in more than year—thanks to strong domestic and eurozone demand.

China

Chinese stocks retreated as the spy balloon controversy fanned tensions with the U.S. and offset expectations of faster economic growth following China's exit from pandemic controls. The Shanghai Stock Exchange Index and the CSI 300 Index both recorded slight declines for the second straight week as the diplomatic crisis over the balloon in U.S. airspace reminded investors of the geopolitical risks of investing in the country.

T.RowePrice Market Data

Index	10/02/2023	03/02/2023	30/12/2022	Week/Week	Year-to-Date
Dow Jones	33,869.27	33,926.01	33,147.25	-0.17%	2.18%
S&P 500	4,090.46	4,136.48	3,839.50	-1.11%	6.54%
NASDAQ 100	12,304.92	12,573.36	10,939.76	-2.13%	12.48%
FTSE 100	7,882.45	7,901.80	7,451.74	-0.24%	5.78%
Euro Stoxx 50	4,197.94	4,257.98	3,793.62	-1.41%	10.66%

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> **Barita Investments Limited**, is a publicly-traded company on the JSE, 74.3% owned by Cornerstone Financial Holdings Limited (“Cornerstone”).

The Barita Group is made up of Barita Investments Limited and its subsidiary, Barita Unit Trusts Management Company Limited (BUTM). Founded by Rita Humphries-Lewin in 1977, Barita has the distinction of being one of the oldest stock brokerages in Jamaica. The Company is regulated by the Financial Services Commission (FSC), is a member of the JSE and is licensed as a Primary Dealer and Cambio Dealer by the Bank of Jamaica (BOJ or the Central Bank). In August 2018, Cornerstone Financial Holdings Limited (Cornerstone or CFHL) acquired majority shares in Barita and has supported the Company’s mission and vision to be a premier investment force in Jamaica and the wider Caribbean.

OUR PRODUCTS AND SERVICES INCLUDE:

- Stock Market investments on any of the three regional exchanges
- Fixed Income Trading
- Investment Banking Services
- Unit Trust Investments
- Currency Trading
- Structured Products
- Retirement Planning
- Wealth Planning
- Market Research

BUTM currently offers six (6) unit trust products spanning fixed income, equities and real estate and is recognised as a strong player in the middle market retail segment and a leader in unit trust performance.

Barita serves its clients island-wide through its Head Office in Kingston and branches in Mandeville and Montego Bay with a team of 163 members across its operations island-wide.

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