

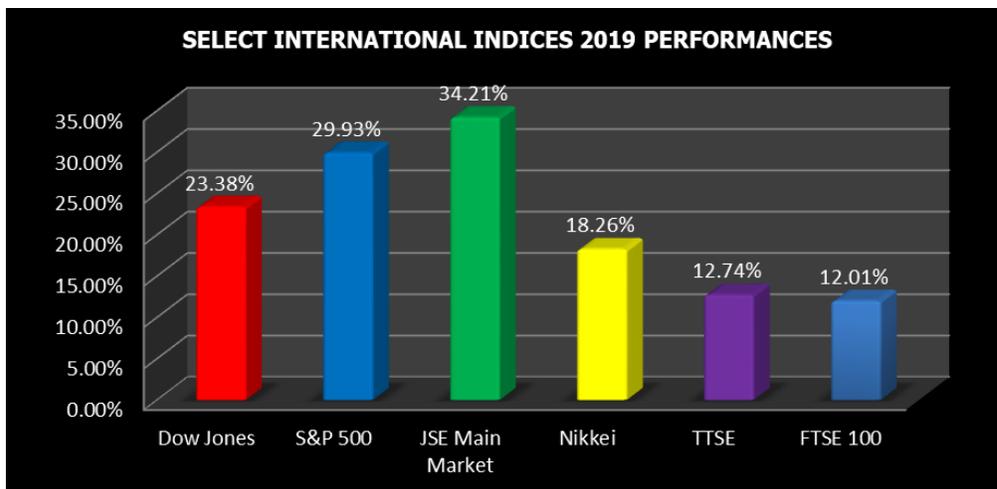


Equity & Wealth Creation in 2020

January 10, 2020.

On a regular business day in early November of 2019, the Jamaican flag is flown high on the New York Stock Exchange (NYSE).¹ Why? An honour bestowed to the region’s leading stock exchange as it continues to be named one of the world’s best performing stock exchange.

In keeping with its stellar 2018 performance that saw Bloomberg hail the JSE as the best exchange in 2018², the JSE displayed another year of strong performance in



2019. In comparison to several indices worldwide, the JSE come out atop. The JSE Main market bested the internationally known U.S. indices – the Dow Jones and S&P 500 as it advanced by 34.21% in 2019. Regionally, the JSE almost tripled the performance of the Trinidad & Tobago Stock Exchange (TTSE) which advanced by 12.74%. The Tokyo Stock Exchange listed index – the Nikkei only managed to advance by 18.26%. The London Stock Exchange (LSE) index – the FTSE 100 which consists of the 100 companies listed on the LSE with the highest market capitalization only managed to advance by 12.01%.

Jamaica Equity Market

The table below illustrates how investors can leverage the equity’s market in creating and building wealth:

2019 TOP 10 PERFORMERS					
STOCK	TICKER	OPENING PRICE	CLOSING PRICE	GAIN (\$)	% GAIN
Fontana	FNTA	1.88	7.02	5.14	273.40%
Jamaica Stock Exchange	JSE	10.26	27.58	17.32	168.81%
Victoria Mutual Investments	VMIL	3.76	8.96	5.20	138.30%
Sygnus Credit Investments	SCIJMD	10.97	25.98	15.01	136.83%
Wisynco Group	WISYNCO	10.94	23.31	12.37	113.07%
Radio Jamaica	RJR	0.89	1.83	0.94	105.62%
Pulse Investments	SVL	2.99	6.00	3.01	100.67%
Caribbean Cement Co.	CCC	42.40	83.41	41.01	96.72%
Wigton WindFarm	WIG	0.50	0.97	0.47	94.00%
Sagicor Group	SJ	37.47	72.58	35.11	93.70%

**The above-mentioned securities are listed on the market for a minimum of 6 months*

¹ http://www.jamaicaobserver.com/business-report/as-jamaican-flag-flies-at-nyse-street-forrest-explains-secret-sauce-to-Bloomberg_179181

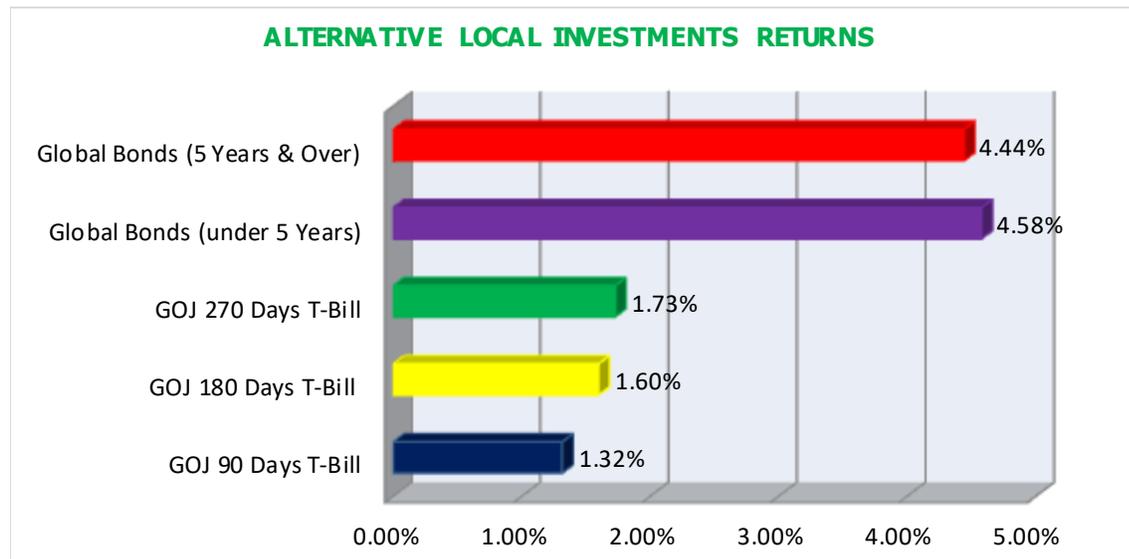
² <https://www.bloomberg.com/news/features/2019-01-18/the-jamaican-stock-exchange-is-the-world-s-best-performing-market>

If an investor purchased any one of the above listed shares they could have realized gains as high as 273.40% on their initial investment over the course of one (1) year. If one was to use the lowest top ten (10) performer i.e. Sagicor Group (SJ) one would have realized a gain of J\$35.11 for every share purchased or a total 93.70% in returns.

Over the course of 2019, a total of eleven (11) new shares were listed on the Jamaica Stock Exchange (JSE). These Initial Public Offerings (IPOs) provide an opportunity for greater liquidity and expansion of our local equities market, as well as improved access to capital by businesses. IPOs are often very appealing to investors as they often offer investors very attractive returns in a relative short period of time without JSE associated fees. For example, if an investor purchased Fontana (FTNA) during its IPO, and sold at its high, such investor would have realized a gain or profit J\$7.12 for each unit purchased. This represents a 378.72% return on one's investment before fees.

2019 INITIAL PUBLIC OFFERING (IPO) PERFORMANCE					
STOCK	TICKER	IPO PRICE	2019 HIGH	GAIN (\$)	% GAIN
Fontana	FTNA	1.88	9.00	7.12	378.72%
Limners and Bards	LAB	1.00	4.51	3.51	351.00%
Mailpac Group	MAILPAC	1.00	2.60	1.60	160.00%
Wigton WindFarm	WIG	0.50	1.15	0.65	130.00%
Lumber Depot	LUMBER	1.20	2.67	1.47	122.50%
MPC Caribbean Clean Energy	MPCCEL	130.00	275.00	145.00	111.54%
Sagicor Select Funds - Financial	SELECTF	1.00	1.98	0.98	98.00%
iCreate	ICREATE	1.01	1.30	0.29	28.71%
QWI Investments	QWI	1.35	1.69	0.34	25.19%
Sagicor Select Funds - Manufacturing & Distribution	SELECTMD	1.00	1.16	0.16	16.00%
Eppley Caribbean Property Fund	CPFV	46.18	50.00	3.82	8.27%

Local Alternate Investments



*Government of Jamaica (GOJ)

**Global Bond represents bonds rated A and above

***Bond Coupon represents the average global rate

Objectively reviewing investments options available to the local investors require the inclusion of bonds and Treasury bills. With the persistent low interest rate environment in Jamaica, investors are faced with Treasury bill (T-Bill) yields ranging from as low as 1.32% to 1.73%. Concurrently, the bonds market is another viable option for investors. Based on average rates (using only medium investment grade or higher bond), an investor holding a bond to maturity would receive an annual average coupon of 4.44% for bonds five years and over, while receiving an annual average coupon of 4.58% for bonds with a maturity below five years.

Conclusion

The outlook for the equity markets remains extremely positive in 2020 and beyond. We anticipate several listings/IPO in the current year as well as continued profitability of many listed companies. We encourage investors to continue to leverage the market in creating and building wealth for the new decade.

We expected that yields on Treasury bills (T-Bills) will remain low in the short to medium term. Bonds provide investors with a steady stream of returns (fixed income); however investors seeking higher returns or coupon via the bonds market will have to substitute risk for greater returns.

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