



# WEEKLY FINANCIAL MARKET SUMMARY

**WEEK ENDING**

**March 18, 2022**

---

All opinions and estimates constitute Cumax Wealth Management's (Cumax) judgment as of the date of publication. All opinions expressed by Cumax are subjected to change without prior notice. The information contained herein was obtained from sources which we consider to be reliable. However, we have not independently verified such information and thus make no guarantee of the data's accuracy or completeness. Cumax shall not be liable for any actions taken on the part of investors in reliance on the opinions stated. Cumax and/or its agents may have a proprietary interest in the securities it reviews and express an opinion on. Any recommendation offered by Cumax are indicative and do not constitute an offer to buy or sell.

## Foreign Exchange Movement

Currency Cross	Closing Mar. 11, 2022	Closing Mar. 18, 2022	WoW Change (\$)	YTD Change (%)
USD:JMD	\$153.91	\$153.57	\$0.34	0.99%
CAD:JMD	\$120.82	\$121.71	-\$0.89	0.86%
GBP:JMD	\$200.92	\$201.46	-\$0.55	4.31%
EUR:JMD	\$172.68	\$170.91	\$1.77	3.94%

## JSE MAIN MARKET & JUNIOR MARKET INDEX SUMMARY

For the trading week ending March 18, 2022 the following reflect the movement of the JSE indices:

- The JSE's Main Market Index (MMI) **Declined** by 16,520.40 points (4.12%) week over week to close at 384,350.90 points. Year to date, the MMI has **Declined** by 2.98%.
- The JSE's Junior Market Index (JMI) **Advanced** by 4,052.19 points (0.50%) week over week to close at 4,052.19 points. Year to date, the JMI has **Advanced** by 18.20%.
- Overall Market activity resulted from trading of 116 stocks of which 37 advanced, 69 declined and 10 traded firm.

### Jamaica Stock Exchange's Weekly Movers

JSE Main Market's Top Performers					JSE Main Market's Worst Performers				
Security	Closing Price (\$)	WoW Gain(\$)	WoW % Gain	YTD % Performance	Security	Closing Price (\$)	WoW Loss (\$)	WoW % Loss	YTD % Performance
Wigton Windfarm Ltd.	0.67	0.13	24.07%	26.71%	JMMB Group 7.50% Pref. Share	0.78	0.24	23.53 %	-8.24%
Kingston Properties Ltd.	9.50	0.81	9.32%	5.56%	Mayberry Investments Ltd.	6.15	1.24	16.78 %	-21.62%
Eppley 7.50% Pref. Shares	6.00	0.43	7.72%	0.00%	MPC Clean Energy Ltd.	101.05	17.95	15.08 %	-12.13%

  

JSE Junior Market's Top Performers					JSE Junior Market's Worst Performers				
Security	Closing Price (\$)	WoW Gain(\$)	WoW % Gain	YTD % Performance	Security	Closing Price (\$)	WoW Loss (\$)	WoW % Loss	YTD % Performance
Edufocal. Ltd.	3.05	2.05	205.00%	205.00%	Lumber Depot Ltd.	3.51	0.47	11.81%	28.49%
JFP Ltd.	1.53	0.53	53.00%	53.00%	FESCO Ltd.	5.99	0.61	9.24%	129.17%
ISP Finance Services Ltd.	32.20	5.86	22.25%	15.26%	Caribbean Cream Ltd.	4.72	0.48	9.23%	31.97%

### International Financial Markets

International Equity Index					United States Benchmark Yields				
Equity Indices	Closing Value	WoW Change	WoW % Change	YTD % Change	Security	Closing Price (\$)	WoW Loss (\$)	WoW % Loss	YTD % Performance
S&P 500	4,463.12	258.81	6.16%	-6.36%	2Y Treasury	1.75	1.94	0.19	1.20
Dow Jones	34,754.93	1,810.74	5.50%	-4.36%	5Y Treasury	1.95	2.14	0.20	0.88
FTSE 100	7,404.73	249.09	3.48%	0.27%	10Y Treasury	1.99	2.15	0.16	0.64

CONTACT OUR CLIENT SERVICES TEAM AT:

(876) 926 - 7767 | clientservices@cumaxwealth.com | 10 Ruthven Road, Kingston 10

<b>SELL</b>	Consider reducing your portfolio's exposure to this asset to 0%.
<b>Overweight</b>	Cap exposure to this asset to 10% of the value of the portfolio.
<b>Underweight</b>	Consider reducing portfolio exposure to this asset to less than 5%.
<b>Marketweight</b>	Consider capping exposure to this asset to 5% of the value of the portfolio.

# STOCK RECOMMENDATIONS

Company Name	Stock Data as at March 18, 2022	Analyst's Thesis
<p><b>LEARN</b></p> <p><u>Edufocal Ltd.</u></p> <p><b>Underweight</b></p>	<p><b>Close Price</b> \$3.05</p> <p><b>Estimated FV:</b> \$1.12 - \$1.47</p> <p><b>YTD Performance</b> 205.09%</p> <p><b>P/E:</b> 150.36X</p> <p><b>P/B:</b> 27.78X</p>	<p>The Covid-19 pandemic accelerated the rate of digitalization of services which, prior to the pandemic, in Jamaica were primarily offered through in-person mediums. Edufocal was a beneficiary of this shift, growing exponentially in FY 2020; its user base increased by over 500% and the company generated a profit for the first time in its history.</p> <p>Due to this digital transition taking place, Edufocal seemingly possesses significant growth potential characterised by its ability to digitize learning, a process which pre-pandemic in Jamaica was almost exclusively done in-person. This ability, in an increasingly digital world/Jamaica, coupled with an already in place digital platform, increased visibility stemming from its Initial Public Offering (IPO) and an ability to curtail demographic risks by offering services beyond elementary education (e.g. financial literacy classes, partnership for training with public and private companies) augers well for the company going forward.</p> <p>Despite the positives, there are significant execution risks and uncertainties surrounding the company (see full report for details) which could undermine the company's growth potential. Nonetheless, with presently available information, it is our opinion that the outlook for Edufocal is skewed to the upside. However, given the risks, Edufocal shares may be best suited for equity investors with a higher degree of tolerance for risk.</p>
<p><b>JFP</b></p> <p><u>JFP Ltd.</u></p> <p><b>SELL</b></p>	<p><b>Close Price</b> \$1.53</p> <p><b>Estimated FV:</b> \$0.54</p> <p><b>YTD Performance</b> N/A</p> <p><b>P/E:</b> 939X</p> <p><b>P/B:</b> 4.74X</p>	<p>Between FY 2016 and FY 2018, JFP income statement was relatively unimpressive and demonstrated clearly what the company's performance is likely to be like in leaner times. During that period the company's performance was characterized by paper thin margins, very little working capital and slightly above adequate liquidity. It is important to highlight that these characteristics were displayed during a period when the economy was not exhibiting significant negative trends (i.e. negative economic growth, rising unemployment or high or rising interest rates, etc.). While there was significant reprieve in FY 2019 when the company won a new contract, performance began to slide again at the onset of the pandemic when contracts dried up.</p> <p>Through the company intends to inject J\$140M in capital via its IPO, it is our opinion that the capital injection may be an ineffective catalyst to improve performance, especially not after J\$200M was extracted from the company to repay shareholders &amp; directors debt and to pay a J\$100M cash dividend after the company reported holding cash of less than J\$0.5M and an overdrafts of J\$15.0M in the previous quarter.</p> <p>At a price of J\$1.00 per share, JFP shares are being offered to the public at a trailing pre-tax earnings multiple of 939 times earnings and in our opinion does not represent good value for potential shareholders.</p>

Company Name	Stock Data as at March 18, 2022	Analyst's Thesis
<p><b>ELITE</b>  <u>Elite Diagnosis Ltd.</u></p> <p>Overweight</p>	<p>Current Price: <b>\$3.01</b></p> <p>Estimated FV: <b>\$3.65</b></p> <p>YTD Performance: <b>5.42%</b></p> <p>P/E: <b>66.68X</b></p> <p>P/B: <b>2.40X</b></p>	<p>Over the past two (2) financial years, Elite's profitability was eroded by operational inefficiencies, characterized by equipment failure and rising expenses. However, towards the tail end of the recently concluded financial year, Elite was able to engage overseas technicians to repair and calibrate their malfunctioning machinery. This course of action should help to propel the company's new Branch in St. Ann to operate at full capacity for the first time since it was opened during the peak of the pandemic. This shift is expected to be accretive to Elite's top and bottom line going forward. Our optimistic outlook is bolstered by the Government of Jamaica's shifting its strategy from one aimed at preventing infections to one which seemingly suggests learning to live with the virus. Elite is expected to be the beneficiary of the shift as it is anticipated that in the future they will be less likely to be subject to significantly curtailed business hours due to curfews, or other measures such as no movement days and community lock downs. Consequently, we anticipate revenue will outgrow expenses going forward.</p>
<p><b>SCIUSD</b>  <u>Sygnus Credit Investments Ltd.</u></p> <p>Overweight</p>	<p>Current Price: <b>\$0.1250</b></p> <p>Estimated FV: <b>\$0.1570</b></p> <p>YTD Performance: <b>-3.08%</b></p> <p>P/E: <b>11.80X</b></p> <p>P/B: <b>1.09X</b></p>	<p>The fortunes of Private Credit Companies are intrinsically linked with their ability to:</p> <ul style="list-style-type: none"> <li>• Raise affordable capital (i.e. the availability of affordable dry powder to invest)</li> <li>• Originate investments (underwrite loans)</li> <li>• Manage the risks associated with their investments.</li> </ul> <p>Since its birth as a publicly listed company in 2018, Sygnus's management team demonstrated its aptitude in excelling in all three (3) of the aforementioned factors. This resulted in significant growth in the company's portfolio over the past four (4) years.</p> <p>Given the current environment, it is expected that we expect that there is likely to be more demand for capital than is readily available. Therefore, it is expected that more borrowers are more likely to turn to Sygnus to fill that demand. Consequently, we expect that Sygnus should continue to grow in the medium term.</p>



Company Name	Stock Data as at March 18, 2022	Analyst's Thesis
<h1>LAB</h1> <p><u>The Limners &amp; Bard Ltd.</u></p> <p>Overweight</p>	<p><b>Current Price</b> \$3.36</p> <p>Estimated FV: \$4.37</p> <p>YTD Performance -12.66%</p> <p>P/E 20.41X</p> <p>P/B: 6.16X</p>	<p>Despite the economic challenges stemming from the COVID-19 pandemic, The LAB's growth trajectory was unaltered as its management team pivoted to exploit opportunities instead of capitulating to the adversities created by the pandemic. In the wake of the pandemic. The LAB's management team refocused the company's strategy, strengthening the firm's ability to offer more services including entering the Digital Marketing arena. Other opportunities management seized was the chance to collaborate with talent across the region using telecommuting tools. By implementing this strategy the company was able to grow its revenue and income to all-time highs and it is our opinion that this strategy should continue to deliver positive results in the new financial year.</p>
<h1>NCBFG</h1> <p><u>NCB Financial Group Ltd.</u></p> <p>Marketweight</p>	<p><b>Current Price</b> \$110.87</p> <p>Estimated FV: \$120.77</p> <p>YTD Performance -10.77%</p> <p>P/E 20.80X</p> <p>P/B: 1.67X</p>	<p>The Covid-19 pandemic highlighted a key weaknesses of the NCBFG; a lack of agility. This is not surprising considering the company's scale and the usual negative correlation between size and agility. Consequently, NCBFG has been less agile in responding to the negative consequences of the COVID-19 pandemic, relative to some of its smaller peers. This resulted in rising expenses which eroded profits. Simultaneously, the company contended with declining economic activity, which stymied growth, and a shift in the economic outlook which negatively skewed the outlook for credit. These conditions are unlikely to change in the short run, consequently, it is our opinion that NCB is likely to continue to underperform and lag behind its pre-pandemic levels. Nonetheless, the company is well capitalized and, therefore, it is expected that it will be able to withstand economic shocks.</p>
<h1>BIL</h1> <p><u>Barita Investments Ltd.</u></p> <p>Overweight</p>	<p><b>Current Price</b> \$89.23</p> <p>Estimated FV: \$118.43</p> <p>YTD Performance -9.06%</p> <p>P/E 24.25X</p> <p>P/B: 2.95X</p>	<p>Over the past three (3) years Barita has outperformed its peers, delivering significant returns on shareholders equity and total assets showcasing itself as an excellent steward of capital. This attracted investors to the company an enabled it to grow its fund under management significantly. The company's diversified operations which includes an Investment banking unit which originate both private and public deals has kept the company visible and strengthened earnings. It is our opinion that Barita's management is likely to continue to utilize the aforementioned winning formula of being an excellent steward of capital and maintaining visibility in order to attract business and drive returns for investors.</p>

Company Name	Stock Data as at March 18, 2022	Analyst's Thesis
<p><b>JMMBGL</b>                      JMMB Group Ltd.</p> <p>Overweight</p>	<p>Current Price: \$40.53</p> <p>Estimated FV: \$50.67</p> <p>YTD Performance: 2.78%</p> <p>P/E: 6.64X</p> <p>P/B: 1.21X</p>	<p>JMMBGL distinguished itself by being one of the only local financial conglomerate whose earnings did not contract during the pandemic. This was a testament to the Group's sound management team which implemented and executed strategies intended to: safe guard clients' and the Group's proprietary portfolios against significant losses, curtail expenses and maximize revenue opportunities.</p> <p>Going forward, JMMBGL's management is expected to execute a similar strategy, emphasizing the raising of cheap funding (i.e. deposits) to help to counter climbing interest rates. Additionally, it is expected that the company's business lines should improve alongside broader economic conditions, and help the company to deliver greater value to shareholders.</p>

## Cumax Wealth Management's (Cumax's) Collective Investments Funds

### CUMAX Funds (As at March 15, 2022)

Fund Name	Fund Composition	NAV Price	12 Month Growth Rate	YTD Growth Rate	Yield (Estimated Yearly Income)
CUMAX Money Market Fund (JMD)	Fixed Income	10.8391	1.3736%	-0.1063%	4.1627%
CUMAX FX Fund (USD)	Fixed Income	1.0203	-0.1269%	-1.1519%	3.9367%
CUMAX FX Bond Fund (USD)	Fixed Income	1.1017	-0.2781%	-2.6175%	2.8778%
CUMAX Liquidity Fund (JMD)	Fixed Income	10.0421	-0.3591%	-0.2443%	0.1000%
CUMAX Equity Fund (JMD)	Equity	10.4355	-3.1349%	-1.8771%	1.9608%