



PORTFOLIO STRATEGIES

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






JMMB's Portfolio Management Services

CLIENT PORTFOLIO RECOMMENDATIONS

GLOBAL REVIEW AND OUTLOOK

- In spite of growth challenges being faced by some of the larger economies, global growth remains positive. The IMF expects growth of 2.8% in the US, 1.3%; China, 5.2%; India, 5.9%; and the Euro Area, 0.8%. However, contractions are expected in the UK, 0.3% and Germany, 0.1%. On the one hand, China's emergence from the zero-Covid policy will help to drive global growth.
- Interest rates have remained at elevated levels with the US Fed once again increasing rates at the beginning of May. The objective remains the same as central banks across the globe try to get inflation under control against the backdrop of increased talks of global recession.
- The Central Bank of Canada (BOC) paused its rate hike in February to assess conditions in the local market. The decision follows a 25 basis point increase in January to 4.5%.
- The Bank of England (BOE) increased their policy rate by 25 basis points to 4.5% in May, as inflationary pressures remain strong. High inflation forced the European Union Central Bank to increase the policy rate by 25 basis points in May to 3.25%. In July 2022, the policy rate was -0.5% -0%.
- The key risk variables pertinent in the global arena are inflation remaining elevated, rising interest rates, financial turmoil, heightened volatility in financial markets, and increased geopolitical conflict.

Market Pulse

INDEX/ITEM	LEVEL/PRICE	TREND
JSE Main	329,758.18	
JSE JNR	3,907.00	
ALL TTSE	1,872.96	
S&P 500	4,392.82	
BOJ 90 DAY T-BILL	7.82%	
T&T REPO RATE	3.50%	
T&T DEBT/GDP	83.30%	
GOJ DEBT/GDP	86.00%	
US\$:T&T\$	\$6.79	
US\$:J\$	\$153.35	
OIL (PER BARREL)	US\$69.76	
GOLD (PER OUNCE)	US\$1,915.90	

LOCAL REVIEW AND OUTLOOK

- The government of Jamaica tabled a one trillion-dollar budget with a small fiscal surplus and a high primary balance surplus. Debt to GDP is projected to fall to 69%. Revenues and Grants, loan receipts and other inflows are being used to fund the budget. Most public sector groups have signed on to the government's compensation restructuring programme. The budgeted numbers appear sound, and the risk to the budget is low to medium. On the expenditure side, we do not envisage any wage surprises during the fiscal year that would cause a significant deviation from the budget. With the Bank of Jamaica signalling that it is at the apex of the rate-rising cycle, the likelihood of further interest rate adjustment is low. Likewise, we expect a slow increase in international interest rates.
- The month-over-month inflation fell by 0.4% in April, while the 12-month inflation rate was 5.8%. The reduction in inflation during the month was primarily due to a 4.2% reduction in prices in the division 'Housing, Water, Electricity, Gas and Other Fuels. A significant decline in electricity prices was broadly responsible for the price adjustments in the division.
- We now expect inflation to fall to 5% by mid-2023 and to hold at this level or track lower during the fiscal year. The high CPI base, lower commodity prices and shipping costs have resulted in a lower point-to-point inflation rate. Inflation is running relatively lower than our modal forecast but still higher than the best-case scenario. Despite the overall deceleration in inflation, the prices for vegetables and tubers remain elevated because of drought-like conditions affecting the island since late December.
- Food accounts for 35% of the inflation basket. We expect agriculture output to improve when weather conditions normalise, lowering the price for these goods, which feeds into our lower inflation expectation.
- Inflation risk is tilted to the upside, as global price shocks, particularly energy prices, and prolonged adverse domestic weather could push inflation above our modal forecast path. Marked weather and agriculture output improvements and reduced commodity prices could push inflation lower. We, however, assign a low probability to these events happening.

REGIONAL REVIEW AND OUTLOOK

- We expect Trinidad and Tobago's economy to expand by 3.0% in 2023 following a 2.5% expansion in 2022. The petroleum sector benefits from higher output and increase economic buoyancy will have a positive effect on the non-petroleum sector. The economy is experiencing green shoot from higher energy prices and the easing of Covid-19 lockdown restrictions. However, energy prices have softened and are expected to remain relatively subdued in 2023.
- Trinidad and Tobago is facing rising inflation as the pass through effect of elevated commodity prices take hold on domestic prices. The 12-month headline inflation slowed to 8.3% in January, compared to 8.7% in December. High food prices (17.3%) is one of the main drivers of the inflation rate. Core inflation slowed to 6.1% from 6.7%, as there were easing in the prices for housing, communication and furnishing. We envisage that the inflation rate will continue to fall as the economy benefits from lower external prices, including food and energy. The high CPI base will also help to temper future price rise..

The ongoing COVID-19 pandemic and the Russia / Ukraine war has led to a period of global uncertainty. We continue to see a world characterized by global risk aversion, high prices, goods shortage, sanctions levied by the US & Western Europe on Russia and counter-measures employed by Russia (primarily using oil and hydrocarbons) to offset the sanctions of the West. What this has meant is a period of high inflation (increased prices) globally, increased interest rates by central banks in an attempt to slow credit growth and liquidity, reduced borrowing / lending and reduced economic activity / low growth. But as we have encouraged when making investment decisions, especially when investing in equities, it is not only important to look at the current economic and financial conditions. It is also important to look at the forecast / outlook of certain key economic variables. A forecast for declining interest rates indicates that stocks / equities should begin to recover with a time lag. Lower interest rates signals:

1. Declining cost of capital;
2. Increased borrowing by real sector companies at lower rates;
3. Increasing bond prices (lower yields);
4. Declining mortgage, car loan, and credit card rates / interest payments;
5. Declining interest expense for companies which, all other factors held constant, tends to lead to increased profitability.

We have a bias towards companies with diversified business models as we believe that they are more resilient in uncertain times and should perform better than their less diversified peers. The outlook locally is that the tourism sector should perform well this year into the next so we will seek to get some exposure there as well. The key, as previously articulated, is not to focus on where the rates are currently but where we see them going for the short to medium term.

Investors are able to gain exposure to this asset class by either direct purchase of assets or through our equity unit trust product. Use of the unit trust product may prove to be a more efficient avenue as these fund will grant exposure to hundreds of instruments. This method gives greater diversification and expert management as the investment manager will chose what to buy and sell and when to do so while at all times managing risk-return profile of the fund to provide superior performance.

UNIT TRUST INVESTMENT STRATEGY

We continue to encourage our clients to look at, and execute upon the opportunities that are available to them by way of our Unit Trust offerings. We have as part of our product offering eight (8) Unit Trust investment vehicles that will provide our clients with immediate diversification and expert management by JMMB Fund Managers. The funds have varying degrees of suitability for different risk profiles, time horizon, currency and investment objectives that clients may have. Please see details of pricing and returns on each fund below:

FUND	PRIMARY COMPOSITION	SELLING PRICE	YTD RETURN	12 MONTH GROWTH
Giltedge	Money market	\$23.78	4.53%	5.13%
Income and Growth	Equity	\$21.75	-1.32%	-5.39%
Optimum Capital	Real Estate	\$39.77	3.27%	0.38%
JMD Bond Fund	Fixed Income	\$15.2955	5.60%	7.23%
JMD Real Value Fund	Other CIS	\$14.5694	1.57%	0.86%
JMD Income Fund	Fixed Income	\$12.2414	5.12%	5.76%
USD Income Fund	Fixed Income	\$1.1767	2.41%	3.15%
USD Giltedge Money Market Fund	Money market	\$1.0530	0.46%	0.46%

GILTEDGE FUND

The Giltedge Fund pursues a conservative investment strategy and is comprised of a diversified range of high grade income bearing securities which is expertly managed to provide excellent risk adjusted returns for investors.

INCOME AND GROWTH FUND

The Income and Growth Fund represents a very seamless and efficient way for clients with interest in the stock market. Given its very diversified nature across individual equities, the Income and Growth Fund is the perfect vehicle for clients to get efficient equities exposure and diversification while getting professional and active management

OPTIMUM CAPITAL FUND (REAL ESTATE)

The Optimum Capital Fund is a truly diversified fund which comprises of all major asset classes including cash, bonds, equities and real estate. The Fund is designed to offer investors protection against long-term inflation impact on their portfolios, while giving clients the added dimension of achieving true portfolio diversification with minimal effort on their part.

UNIT TRUST INVESTMENT OPPORTUNITIES FOR PORTFOLIOS

JMD BOND FUND

The JMMB JMD Bond Fund is positioned as a medium to long-term investment solution to clients desirous of having stable and consistent returns. The portfolio consists of Government of Jamaica sovereign instruments and blue chip corporate debt instruments and is managed to provide clients with consistent price appreciation over time. This fund is ideal for the moderate investor whose focus is capital appreciation.

JMD REAL VALUE FUND

The JMMB Real Value Fund is invested primarily in other USD Collective Investment Schemes and is ideal for clients wanting exposure to USD securities/assets but have JMD to invest. The investment manager will therefore have the opportunity to choose from a range of CIS, balancing risk and return objectives. As a balanced asset investment solution, the asset structure gives the fund the added dimension of clients achieving portfolio diversification with minimal effort on their part. The fund is positioned as a medium to long-term investment solution for the moderate investor seeking investment returns in line with inflation.

JMD INCOME FUND

The JMMB JMD Income Fund consists of sovereign and corporate debt securities and is managed to provide relative stability in the NAVPU. It is ideal for clients who desire consistent medium to long term growth and the fund price should reflect relative stability over time. It is suitable for the moderate investor with an investment horizon of greater than three months.

USD INCOME FUND

The JMMB USD Income Fund consists of USD sovereign and corporate debt securities and is managed to provide relative stability in the NAVPU. The fund is structured to provide consistent medium to long term growth (gross return) and should reflect relative stability over time and therefore would be ideal for clients concerned about price volatility. The fund offers a diversified range of USD securities and other high grade assets. The fund is ideal for the moderate investor with an investment horizon of greater than three months. Now is an opportune time for clients across all risk profiles, portfolio size and objectives to review their overall holdings and seek to utilize the Unit Trust vehicles outlined above to position their portfolios for exceptional performance moving forward.

USD GILTEDGE MONEY MARKET FUND

The JMMB USD Giltedge Money Market Fund is positioned as a short to medium term investment solution; ideal for the conservative investor whose focus is liquidity and capital preservation. This Portfolio largely consists of a diversified range of short to medium term high grade corporate bonds, preference shares and sovereign bonds from CARICOM, Canada, Europe and the USA and will be positioned as a conservative investment solution. This fund is ideal for all portfolios given its focus on liquidity and capital preservation.

As interest rates increase, bond yields should also increase (declining prices); this is the case especially when US central bank policy rates increase as the US is the global bench-mark for risk. As the global-benchmark rate increases, most fixed income assets such as corporate bonds, Emerging Market (EM) / Government Sovereign Debt / Bonds and quasi-sovereign bonds should experience a consequent increase in yields. Generally, in a high interest rate environment, the fixed income strategy is to keep our duration low. The lower the duration, the less sensitive the asset prices are to rate increases and it also gives us the opportunity to reinvest in a higher interest rate environment.

If the rate expectations for the next year holds true, in anticipation, we are of the opinion that now may be a good time to start increasing portfolio duration to get better yields. Across the Emerging Market (EM) space, in particular Latin America, there are a number of sovereigns and quasi-sovereign bonds that represent buying opportunities relative to others. These opportunities exist both on the short-end and long-end of the curve. Investors are able to gain exposure to this asset class by either direct purchase of assets or through our various unit trust products with fixed income exposure. Use of the unit trust products may prove to be a more efficient avenue as these funds will grant exposure to hundreds of instruments. This method gives greater diversification which could improve risk-return profile of client portfolios.

Discretionary portfolio management is a form of investment management service in which buy and sell decisions are made by a portfolio manager on behalf of clients. This service is beneficial to clients because it frees them from the burden of making day-to-day investment decisions which can be better made by a qualified portfolio manager who is attuned to the idiosyncrasies of the market. Delegating the investing process to a competent portfolio manager leaves the client free to focus on other things that matter to him or her. Discretionary investment management may also ensure that the client has access to better investment opportunities through the portfolio manager as it aligns the investment manager's interest with that of the client. The client may also receive better prices for executed trades, as the portfolio manager can put through a single buy or sell order for multiple clients.

At JMMB we offer two (2) categories of discretionary portfolio management, Plan 1 and Plan 2:

Plan 1

Designed primarily for clients who want JMMB to manage their goal achievement to a targeted return, in keeping with goal objectives. This management is executed by JMMB after initial IPS is agreed, so there is no consultation on transaction execution. These individuals tend to have investment objectives along the lines of wealth maximization, retirement, wealth protection, income generation among others and the investment approach can include either the outright purchase of assets (regional and international) and/or the use of unit trust products. Portfolio allocations are specific to clients' risk tolerance and return requirement. This service is currently available in USD only.

Plan 2

Similar to the Plan 1, this service is designed for all JMMB clients (could include HNW) who choose to buy packaged portfolio solutions that will be managed by JMMB. Customized solutions (which include individual products) cannot be selected under this option. Unit trust products are used to give investors exposure to the various asset classes and the Plan 2 is available in both USD and J\$.

After consultation the client has chosen to allow JMMB to manage goal achievement to a targeted return in keeping with investment objectives. The client receives a simple goal plan and makes a commitment to set savings amounts and frequency. Education, Home acquisition, short term goals, retirement among others are the primary goals for these clients. The investment approach consists of the purchase of portfolio of CIS and Money market accounts managed by JMMB with allocation in the various accounts determined by the risk and returns objectives of the clients.

JMMB RATING SYSTEM GUIDE

Buy Recommendation

The security is attractively priced relative to the broader market, and based on fundamental assessment; we believe the risks related to that security not achieving projected price targets and are minimal.

Buy for Income Only

Based on fundamental assessments, we believe the security may be fairly valued at current prices, and as such additional capital appreciation may not be likely at least in the short to medium term. However, we believe investors could benefit from consistent dividend payments moving forward.

Hold

We believe the security is fairly valued at current prices and no significant deviation in price is anticipated except where there is the release or discovery of new and material information. Investor action could include taking gains and realigning portfolio to other securities.

Speculative Buy

The security is attractively priced relative to its fundamental and intrinsic value. However, overarching risk factors could cause significant volatility in the price of the asset in the short to medium term and further result in the security not achieving its projected price targets. This asset is more suited to clients with a very high tolerance for risk.

Underweight

We believe the security is fairly valued at current prices or its intrinsic value has been exceeded. There could also be risk factors on the horizon that could result in significant price movement to the downside. As a consequence, the recommended course of action is to reduce current portfolio allocation below the Strategic Asset Allocation guidelines by selling down the asset and realigning the portfolio to other securities. For investors who do not currently own the asset, it may be a risky proposition to take exposure at the current price levels as better entry points may be possible in the short to medium term.

Overweight

The security is attractively priced relative to its intrinsic value and the probability of above average growth in the short to medium is extremely strong. As such, investors' interest could be best served by taking a larger than initially projected exposure relative to the portfolio's Strategic Asset Allocation guidelines to take advantage of this highly probable price movement to the upside.

Neutral

We neither have a bullish nor bearish opinion on the asset at this time. However, the discovery of material information or new developments could result in a change in our recommendation on the security.



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