



COVID-19 PORTFOLIO IMPACT

Are there investment opportunities available at this time?

With the recent official announcements of the imported cases of the Coronavirus (COVID-19) to Jamaica, many are asking about the impact to their savings and investments, and what opportunities may lie ahead.

The reality is that long before the virus reached our shores, the markets, in particular the equities market, in response to international news reports, were already experiencing increased volatility.

The question on everyone's mind is, what should I be doing now to remain on track to achieve my financial goals?

JMMB believes that there are steps that our clients can take, and opportunities that they can leverage, to achieve a winning outcome.



Your best interest at heart.

What is the reason for the market activity?

2019 saw another bull run for the Jamaican stock market, with the main market index increasing by 31.39% and the junior market index growing by 3.15% (see main winners and losers below), with trading volumes increasing by 171.55%.

MAIN MARKET

TOP GAINERS

	CHANGE	OPEN	CLOSE
Jamaica Stock Exchange Limited	168.81%	\$10.26	\$27.58
Victoria Mutual Investments Limited	138.30%	\$3.76	\$8.96
Sygnus Credit Investments Limited (SCIJMD)	136.83%	\$10.97	\$25.98

TOP LOSERS

Sagikor Real Estate X Fund Limited	(33.97%)	\$14.07	\$9.29
Kingston Wharves Limited	(20.69%)	\$77.19	\$61.22
Berger Paints (Jamaica) Limited	(17.95%)	\$21.95	\$18.01

JUNIOR MARKET

TOP GAINERS (YTD)

	CHANGE	OPEN	CLOSE
General Accident Insurance Company Limited	100.56%	\$3.54	\$7.10
Honey Bun (1982) Limited	85.38%	\$3.90	\$7.23
Elite Diagnostic Limited	70.89%	\$2.92	\$4.99

TOP LOSERS (YTD)

K.L.E. Group Limited	(44.44%)	\$3.15	\$1.75
Jetcon Corporation Limited	(44.41%)	\$3.04	\$1.69
Dolphin Cove Limited	(41.70%)	\$16.50	\$9.62

After a bullish run over the past five years, the local stock market began to show signs of losing steam in the second half of 2019. The decline in the local market in the first two months of 2020 may be explained by investors liquidating existing holdings to participate in the IPOs that took place in this quarter. However, after the IPOs, the market's decline continued, as the Main Market Index has slid 13.1%, since the start of March, 2020, while the Junior Market Index has declined by 18.1%, over the same period. These declines coincidentally occurred alongside the international spread of COVID-19. The US stock markets simultaneously experienced notable declines. Of course, in times of uncertainty, the tendency is for investors to react; and their reactions are usually reflected in the increased market volatility.

What do our clients need to know?

- 1) **No need to be overly concerned.** The volatility currently being experienced emphasizes what we have always been telling our clients, invest in value – taking long-term positions in undervalued stocks with a positive long-term investment horizon and all investment decisions should be taken in the context of their long-term financial objectives. What has been observed is that the market has been falling on very small volumes, as a result of knee-jerk investor reactions, so the last thing a client should do is to deviate from their overall portfolio objectives. We have always, and will continue to emphasize a balanced portfolio approach to investing and at a time like this, it is more important than ever. It has been proven time and time again that a disciplined approach towards investing, outperforms one that is based on market timing. **JMMB Group** continues to believe in this approach.
- 2) **Check your budget.** Continue to constantly revisit your budget, to ensure that spending is in line with income (actual and projected).

- 3) **Continue to maintain your emergency fund.** A standard part of your portfolio is an emergency fund equal to 3- 6 months expenses. Emergency funds are normally held in a money market account or commercial banking deposit account.
- 4) **Stay on track with frequent saving and investing.** Identify the amount that can be dedicated to short and long-term goals and stick to the agreed frequent investments. Staying focused will allow you to benefit from market downturns (e.g. buying when assets are low in price).

Remember...

Investing with a short-term horizon, with the aim of “timing the stock market” (speculating), is a very high risk venture that can lead to significant losses. It is notable that news of COVID-19 in our region, struck during the JSE’s earning season (time when companies publish their financial reports), coinciding with the publication of positive financial results for several companies, which have since seen their stock prices depreciate significantly. A declining market may present an opportunity to acquire fundamentally solid stocks at reduced price. This however, should be done within the context of your overall portfolio objective.

What can I look forward to next?

While it is difficult to predict the full impact that COVID-19 will have on the market, we continue to advise our clients to remain focused on their financial plan and goals. **Therefore, we must advise them to continue to hold a balanced portfolio; this is a basic tenet of sound portfolio management and is crucial in times like these, to get the outcome that investors are seeking.**

Recall that we have seen market downturns in the past, and we likely will see them again in the future. They are a part of the regular cycle. The key is to stick to the long-term objectives of the portfolio, and always remember why the investment was made in the first place.

