



PLEASE SEE **IMPORTANT** DISCLOSURES & **COPYRIGHT INFRINGEMENT** IN THE **APPENDIX**

EXECUTIVE SUMMARY

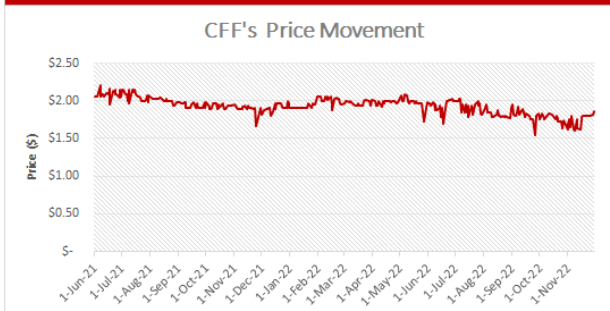
Caribbean Flavours and Fragrances Limited (CFF), was established in 2001 and its shares listed on the Junior Market of the Jamaica stock exchange in 2013. In 2017, CFF became a subsidiary of the Derrimon Trading Group, as they increased their holdings in the company from just over 45% to 75%. CFF's principal activities include the manufacture and distribution of flavours, mainly for the beverages, baking and confectionary industries. At the onset of the COVID-19 pandemic, the company began producing its own brand of hand sanitizers.

Over the period FY2018-FY2021, revenue has declined at a compound average growth rate (CAGR) of 1.8%. CFF had record revenues of \$637.7M in the 2021FY, as the company continues to capitalize on opportunities provided by the pandemic and begin to recover from the onset of the pandemic as the economy reopens. Subsequently, CFF reported revenue at \$561.94M for the nine-month period FY2022, a 21.1% year over year growth compared to the corresponding 2021 period.

CFF profits fell from \$82.3M to \$79.6M for the 2021FY. More recent, CFF reported a 2% uptick in profits of \$59.5M for the nine-month period ended September 2022, compared to profits of \$58.4M for the corresponding nine-month period in 2021. CFF continues to grapple with containing cost, as input cost fluctuates, which lowers the company's bottom line and profitability margins.

We have placed a **MARKETPERFORM/HOLD** recommendation on the shares of CFF as we believe the stock is trading close to its fair value. We expect CFF's revenue growth rate to improve in the 2022FY, driven by a return to normalcy in the flavours business segment. The addition of hand

CFF's PRICE MOVEMENT



CFF's Statistics

Financial Year End	December	
Stock Price (29/11/2022)	\$	1.86
EPS	\$	0.09
Book Value per share	\$	0.58
P/E		20.45x
P/B		3.27x
Net Profit FY2021 (millions)	\$	79.6
Price Target	\$	1.77
Dividend Yield		2.62%

All information contained herein is obtained by JMMB® Investment Research from sources believed by it to be accurate and reliable. All opinions and estimates constitute the Analyst's judgment as of the date of the report. However, neither its accuracy and completeness NOR THE OPINIONS BASED THEREON ARE GUARANTEED. As such NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS OR COMPLETENESS OF THIS REPORT IS GIVEN OR MADE BY JMMB® IN ANY FORM WHATSOEVER.

sanitizers, as well as a rise in the demand for fragrances for sanitization products is expected to help improve revenues. As the company continues to diversify its revenue streams and grow its regional customer base, CFF will be utilizing its parent company, Derrimon Trading Limited (DTL's) presence in New York through a specialty supermarket and food distributor. This synergy with CFF's parent company would allow the company to leverage Derrimon's distribution network to reach broader target markets.

Company Overview

Caribbean Flavours and Fragrances Limited (CFF) was incorporated on the 23rd of February 2001 and commenced operations later in October of 2001. CFF purchased its business and assets from prior owner Bush Boake Allen Jamaica Limited ("BBA") when that entity voluntarily wound up its Jamaican operations in 2000 after 40 years in business. CFF listed on the Junior Market of the Jamaica Stock Exchange on October 2, 2013. CFF's registered office is located at 226 Spanish Town Road, Kingston.

The company's principal activity involves the manufacturing and distribution of flavours, mainly for the beverages, baking and confectionary industries. CFF also manufactures and distributes fragrances for general and household cleaning products, as well as for sanitation purposes.

In January of 2017, Derrimon Trading Limited (DTL) made a tender to purchase all the stocks in CFF not already held by them. This offer was accepted by the 2nd and 3rd largest shareholders at the time¹, which increased DTL's stake from 49.02% to 75.02%, resulting in CFF becoming a subsidiary of the DTL group.

CFF's 100% tax remission expired on October 2, 2018 and as consequence, the company's taxable profits will be subjected to 50% tax remission until October 2023. The company after gaining shareholder approval had a 10:1 subdivision of the company's shares.

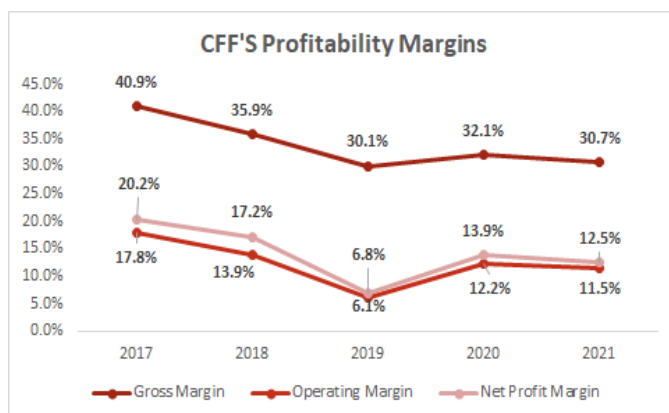
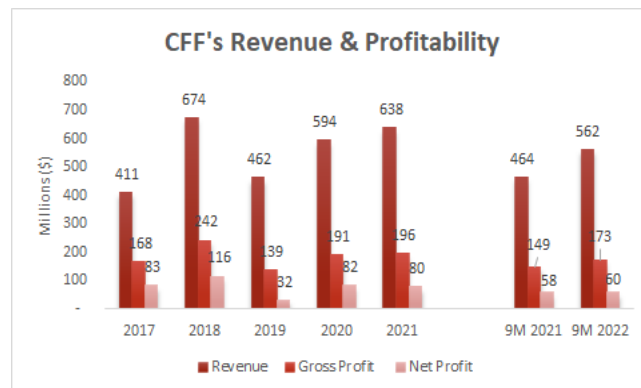
¹ The 2nd and 3rd largest shareholders were the principals of the company; Anand and Joan James.

All information contained herein is obtained by JMMB® Investment Research from sources believed by it to be accurate and reliable. All opinions and estimates constitute the Analyst's judgment as of the date of the report. However, neither its accuracy and completeness NOR THE OPINIONS BASED THEREON ARE GUARANTEED. As such NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS OR COMPLETENESS OF THIS REPORT IS GIVEN OR MADE BY JMMB® IN ANY FORM WHATSOEVER.

Financial Overview

Profitability

Revenue has declined at a CAGR of 1.8% to \$637.7M for the period FY2018 – FY2021, due primarily to revenue falling 31.4% in FY2019, a result of a revenue project which intended to target the reduction of sugar in beverages, the “FlavourFit” sugar reduction solution. For the 2021FY ended December 31, CFF grew revenues by 7.4% from \$593.7M to \$637.7M. The growth in revenues for the period was as a result of strong demand for the flavor and fragrance business amid the re-opening of the Jamaican economy. Subsequently, Q3 revenue increased by 24.06%, reported at \$202.08M from \$162.89M the corresponding quarter in 2021. CFF highlighted that this increase in revenue is as a result of the company’s continued efforts in building both local and export sales. Notably, for the 9M period, CFF reported revenue at \$561.94M, a 21.1% year over year growth with the corresponding 2021 period.



Cost of goods sold (COGS) increased to \$441.8M from \$403.2M, a 9.6% increase for the 2021FY. Cost of goods sold grew faster than revenues, which resulted in a decline in the gross profit margin to 30.7% from 32.1%. Gross profits amounted to \$195.9M, up 2.8% year-over-year. Management highlighted the meagre increase in gross profit is attributable to the increase in logistics cost and the cost associated with the

timing of the adjustment in cost of sales associated with the devaluation of the Jamaican dollar to the US dollar. Moreover, CFF continues to grapple with containing cost due to faster than expected price increases in raw materials than rising demand or price adjustments, as the company made the decision to absorb some of the increase in cost. Cost of goods sold outpace the growth of revenue, with a year over year growth of 23.4% for the 9M 2022. This resulted in

a downturn in the gross profit margin for the 9M 2022 period to 30.9% from 32.2% the previous comparable year.

Administrative expenses for the 2021FY totaled \$123.3M. This reflects a 7.3% increase when compared to 2020's administrative expenses of \$114.9M. In 2021FY, there were increases in staff related costs, increased legal and professional fees, repairs and maintenance and utilities. Additionally, selling and promotional expenses increased by 14.2% from \$6.2M to \$7.1M for FY2021.

CFF reported a relative stable operating profit of \$73.1M for the 2021FY, a slight uptick of 1.2% from \$72.3M the previous year. However, there was a downturn in operating margin to 11.5% from 12.2% the previous year. Notable, operating profit has improved by 19.5% year over year for the 9M period 2022, from \$52.12M to \$62.29M. However, operating margin was slightly down for the 9M 2022 to 11.1% from 11.2% the previous corresponding year, due to the increase in expenses.

CFF's finance income lowered by 36.6%, a fall from \$24.2M to \$15.3M in FY2021. The main contributor to the decline in finance income, is the 37% decrease in foreign exchange gains from \$29.8M to \$18.8M.

Net Income for CFF for the financial year ended December 31, 2021 amounted to \$79.6M. This represents a deterioration in profit of \$2.7M over the \$82.3M recorded for the same period last year. Moreover, net profit margin weakened from 13.9% a year ago to 12.5%. The return of assets stood at 11.7%, compared to 13.7% a year prior, while the return on equity stood at 15.7%, relative to 17.9% in 2020. More recent, net income increased to \$59.56M for the 9M period ending September 2022, up from \$58.36M for the corresponding 9M period in 2021.

Earnings per share (EPS) for the 2021FY came in at \$0.089, down from \$0.092 from the previous financial year. EPS recorded for the nine-month period FY2022 amounted to \$0.066, relatively stable movement from \$0.065 the previous comparable period. The trailing twelve month (TTM) EPS for CFF stands at \$0.09.

Liquidity & Solvency

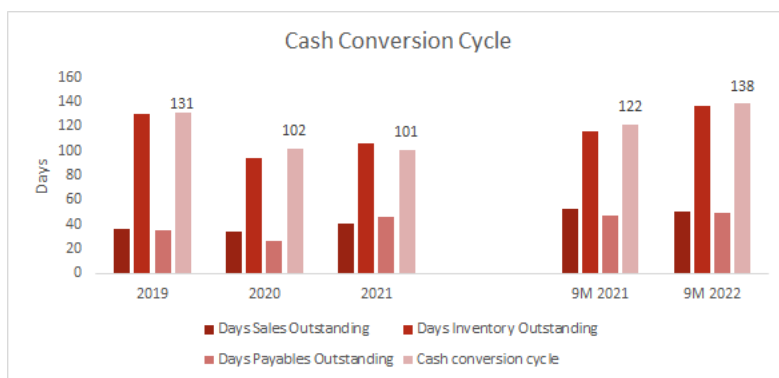
During the 2021FY, assets grew to \$725.3M from \$635M. Non-current assets amounted to \$141.7M, a 33.8% increase year-over-year, while current assets amounted to \$583.6M, up 10.3% from the prior year's balance. The increase in non-current assets was driven by the booking of \$44.7M in Property Plant and Equipment, an increase of \$22M from the prior year amount of \$22.7M. The increase in current assets was driven by 23% rise in inventories to

All information contained herein is obtained by JMMB® Investment Research from sources believed by it to be accurate and reliable. All opinions and estimates constitute the Analyst's judgment as of the date of the report. However, neither its accuracy and completeness NOR THE OPINIONS BASED THEREON ARE GUARANTEED. As such NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS OR COMPLETENESS OF THIS REPORT IS GIVEN OR MADE BY JMMB® IN ANY FORM WHATSOEVER.

\$185.4M and 31% rise in receivables to \$104.2M, as due to longer lead times and rising costs, the Company is ensuring it has adequate levels of inventory to satisfy customer orders. This increase was partially offset by an 8.5% decline in cash and bank balances to \$270.4M.

Furthermore, Total assets climbed to \$765.51M at the end of Q3 FY2022, a year over year increase of 16.1%. This increase is primarily due to a 13.8% year over year increase in current assets. Inventories, receivables and prepayments and cash and cash equivalents increases are the primary drivers of the higher current assets. Cash and equivalents increased by 99.6% to \$47.1M at the end of Q3 FY2022 (Q3 FY2021: \$23.57M). Meanwhile, inventories and accounts receivables rose to \$210.3M and \$113.6M respectively.

Total liabilities for the 2021 FY, amounted to \$200.7M, a 38.4% or \$55.7M increase year-over-year. Non-current liabilities rose 16.7% to \$101.6M, while current liabilities grew by 71% to \$99M. The increase in non-current liabilities was driven by long-term loans booked at \$17.9M. The increase in current liabilities was mainly driven by a 93% increase in payables to \$81.3M.



The company's liquidity position deteriorated for the FY2021, due to the increase in current liabilities. The company's current ratio for the period under review was 5.89x, a decrease from a ratio of 9.13x in 2020. Moreover, the quick ratio and cash ratio fell to 4.02x and 2.73x respectively. The cash conversion cycle is relatively

stable in the 2021FY, moving from 102 days to 101 days. This result was largely due to an increase in days payables outstanding from 26 days to 46 days, which offset the longer days of sales outstanding and days inventory outstanding. Days sales outstanding increase to 41 days from 34 days while days inventory outstanding rose to 106 days, compared to 94 days in the prior year. However, for the 9M FY2022, the company's cash conversion cycle deteriorated year over year from 122 days to 138 days. This is mainly due to the increase in days inventory outstanding.

Total debt amounted to \$21.8M for the 2021FY. CFF's leverage as measured by the debt-to-equity ratio stood at 0.04x, as the company has minimal interest bearing debt on its books. Shareholders' equity amounted to \$524.6M, up 7% year-over-year as retained earnings rose by 8% to \$468.4M.

All information contained herein is obtained by JMMB® Investment Research from sources believed by it to be accurate and reliable. All opinions and estimates constitute the Analyst's judgment as of the date of the report. However, neither its accuracy and completeness NOR THE OPINIONS BASED THEREON ARE GUARANTEED. As such NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS OR COMPLETENESS OF THIS REPORT IS GIVEN OR MADE BY JMMB® IN ANY FORM WHATSOEVER.

The equity of CFF has increased over the past 3 years at a CAGR of 7.4%. Total equity now stands at \$584M as at September 2022, versus \$505M for the same period last year. This has resulted in a book value per share of \$0.65, which is 9 cents greater than the \$0.56 book value per share as at September 2021.

Cash Flow Statement Overview

Cash from operating activities (CFO) represented inflows of \$30.7M for the twelve-month period, relative to inflows of \$82.1M in 2020. The deterioration in CFO was mainly driven by the increase in cash used for the increase in inventories. Notably, the changes in working capital moved from an inflow of \$1.7M in FY2020 to an outflow of \$38.1M in FY2021, a main driver to the lower working capital is the increase in inventories from an inflow of \$16.2M to an outflow of \$34.7M. Moreover, the company's payables moved from an outflow of \$1.3M to an inflow of \$40.8M, indicating the company is taking longer to pay suppliers.

Cash from investing activities represented an outflow of \$43.1M for FY2021, relative to an outflow of \$11.8M in FY2020. Purchase of PPE was the primary outflow from investing activities, amounted to \$28M.

Cash from financing activities represented an outflow of \$29.5M for the period, relative to an outflow of \$29M in 2020. Notably, cash received from loans amounted to \$19.8M. Moreover, the company made dividend payments, which amounted to \$44.9M.

In FY2021, the company experienced a loss of \$41.9M to its cash balance (not accounting for currency translation gains). To date, the working capital positioning of the Company has deteriorated. Specifically, operating cash flow before working capital amounted to \$68.99M relative to \$59.05M in the prior year, a 16.8% increase. The change in working capital for the period has amounted to an outflow of \$52.55M, greater than the prior year's outflow of \$74K. Consequently, net operating cash flow for the period has amounted to an inflow of \$16.44M relative to an inflow of \$58.98M the prior year.

Outlook & Valuation

The Bank of Jamaica (BOJ) recently further tighten monetary policy by increasing the policy interest rate by 50 basis points (bps) to 7% per cent per annum, effective 18th November 2022. The Bank's decisions aim to continue limiting the pass-through of the ongoing and protracted

commodity price shock to inflation and facilitate a return of inflation to the target range over the shortest possible time period.

Furthermore, the BOJ has identified 12-month inflation at 9.9% as at October 2022, being above the upper bound of the BOJ's targeted inflation range of 4% to 6%. This was influenced mainly by the point-to-point inflation rate for the divisions: 'Food and Non-Alcoholic Beverages' (10.1%), 'Housing, Water, Electricity, Gas and Other Fuels' (12.7%) and 'Restaurants and Accommodations Services' (20.6%).

REAL VALUE ADDED IN THE GOODS PRODUCING INDUSTRIES (%)					
	Jul-Sep 2021	Oct-Dec 2021	Jan-Mar 2022	Apr-Jun 2022	Jul-Sep 2022
Goods Producing	2.2	0.5	0.6	-2.0	3.2
Agriculture, Forestry & Fishing	7.3	13.8	8.4	6.3	15.4
Mining & Quarrying	-29.1	-60.5	-60.0	-62.5	-30.4
Manufacturing	3.7	-2.2	4.5	5.6	3.5
Construction	4.4	5.9	3.5	-5.2	-2.2
November 23, 2022 Planning Institute of Jamaica					

According to the Planning Institute of Jamaica (PIOJ), the Jamaican economy continued its recovery in Q3 2022 (July-September) recording a year over year increase of 4.3%. The goods producing sector recorded a 3.2% increase while the services sector recorded a growth of 4.7% increase. Notably, the Manufacturing industry improved by 3.5% compared with July-September 2021.

CFF provides key components needed to produce goods for major manufacturing and service-based businesses. This is seen from the Company's main customers, who provide goods consumed daily across the country and provide the fragrances, which are used in household and sanitary products.

The Bank of Jamaica (BOJ) highlighted the growth of the sManufacturing industry is largely predicated on increased food and beverage production, reflecting the anticipated further improvement in school attendance (education), entertainment and tourism, relative to the previous year. As such, we anticipate a growth in demand for CFF's product.

Furthermore, management highlighted the company's initiative to improve their footprint in the export market. This initiative has begun to take effect as the company had their first export to a Spanish speaking country since the start of the 2022 financial year and CFF will also be supplying its new cordials through Derrimon's retail outlets locally and in the diaspora. Notably, CFF strategy to increase exports, with proper management to contain cost due to logistics challenges and supply chain issues, is likely to grow revenue and bolster future earnings. Moreover, increase export sales is likely to increase the inflow of foreign currency denominated funds, which would

All information contained herein is obtained by JMMB® Investment Research from sources believed by it to be accurate and reliable. All opinions and estimates constitute the Analyst's judgment as of the date of the report. However, neither its accuracy and completeness NOR THE OPINIONS BASED THEREON ARE GUARANTEED. As such NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS OR COMPLETENESS OF THIS REPORT IS GIVEN OR MADE BY JMMB® IN ANY FORM WHATSOEVER.

help alleviate the fluctuating cost of raw materials, in the event the Jamaican dollar continues to depreciate against the US dollar in the near to medium term.

CFF has been able to successfully maneuver the pandemic. The company was able to tap into new opportunities, as they developed and sold hand sanitizers, which added to the revenue base. CFF also experienced an uptick in demand for fragrances used in cleaning supplies. While the demand for both these products may begin to normalize as we slowly transition out of the pandemic, we expect that they will still contribute materially to CFF's revenue growth.

We are forecasting revenues of \$696M for the 2022FY, a 9% increase year over year. We expect the beverage sector in Jamaica to return to normalcy throughout the rest of the year, leading to an increase in demand by beverage manufacturers. Additionally, we expect the demand for fragrances for sanitization products as well as hand sanitizers to remain significant, as persons and business continue to battle the pandemic. We have forecasted net income of \$88M, owing to cost containment measures and improved profitability margins.

We are forecasting a forward book value of \$634M as at December 31, 2022, which translates to a book value per share of \$0.70. We employed the price-multiples approach to determine the fair price for CFF. We utilized the average P/E of comparable listed companies to arrive at a market multiple of 15.84x, which when applied to the forward EPS of 0.10x resulted in a target price of \$1.54, while the P/B for the peer group of 2.04x yields a price of \$1.44.

The 1-yr historical average for the P/B ratio is 3.11x, which when applied to the forward BVPS yields a price of \$2.19. The 1-year historical average for the P/E ratio is 19.58x, which when applied to the forward EPS yields a price of \$1.91. **The average of our price forecasts, \$1.77 is 5% lower than the closing price of \$1.86 recorded on average between late November and early December.**

Company	Market Capitalization	Price to Earnings	Price to Book	Return on Equity	Return on Assets	Dividend Payout	Dividend Yield
AMG	1,489,612,369	14.20x	1.26x	8.9%	6.1%	0.0%	0.0%
BPOW	1,519,823,100	7.85x	1.06x	13.5%	12.6%	4.7%	0.6%
HONBUN	3,086,798,523	14.11x	3.00x	21.3%	16.5%	27.2%	1.9%
JAMT	5,382,074,068	30.07x	1.52x	5.1%	3.9%	0.0%	0.0%
KREMI	1,446,130,199		1.81x	-1.1%	-0.5%	-287.1%	1.8%
LASM	15,705,069,974	9.20x	1.68x	18.3%	14.1%	17.6%	1.9%
PTL	2,622,194,036	15.02x	2.88x	19.2%	9.1%	35.3%	2.4%
PURITY	510,004,002		0.75x	-2.6%	-1.7%	0.0%	0.0%
Sector Average	3,970,213,284	15.84x	2.04x	10.3%	7.5%	21.2%	1.4%
CFF	1,709,989,485	21.58x	3.04x	15.17%	10.97%	56.49%	2.62%

All information contained herein is obtained by JMMB® Investment Research from sources believed by it to be accurate and reliable. All opinions and estimates constitute the Analyst's judgment as of the date of the report. However, neither its accuracy and completeness NOR THE OPINIONS BASED THEREON ARE GUARANTEED. As such NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS OR COMPLETENESS OF THIS REPORT IS GIVEN OR MADE BY JMMB® IN ANY FORM WHATSOEVER.

Key Risk to Our Price Target

CFF's ability to contain costs is essential to the company's operating profits being in-line with our forecasts. The company continues to grapple with rising input cost and supply chain disruptions, which is likely to lower CFF's profitability margins, as was the case in Q3 2022.

Management highlighted that though shipping cost have begun to normalize after the spike seen in 2021, there is now a rising lag in the processing of goods, which is leading to shortages in various commodities. As such, the company increased inventory to mitigate against the delay in receiving raw materials from suppliers and meeting consumer demand. Additionally, as the price of raw material fluctuates, CFF makes moderate price increases. This increase in prices may reduce affordability by some consumer and as such lower demand. Furthermore, if CFF is unable to achieve the level of finance income forecasted due to exchange rate fluctuations, this would have an impact on net income. If there is a material impact on net income from the above mentioned factors, we are of the view that this may decrease the attractiveness of this stock to investors.

Recommendation

We recommend Caribbean Flavours and Fragrances Limited (CFF) as MARKETPERFORM/HOLD as our estimate of the fair value is line with the current market value. This asset is most suitable for equity investors with a medium to high risk tolerance. This stock currently trades marginally below our best case scenario. The strategic initiative to diversify income streams through regional expansion should enhance the financial performance of the company. Conversely, cost containment should be managed within the context of achieving optimal operation efficiency. CFF has invested in its products and staff to be able to capitalize on opportunities presented by the pandemic as well as changes awaiting in the beverage sector.

Abridged Financials \$'000								NINE MONTHS		
	2016	2017	2018	2019	2020	2021	Change	Sep-21	Sep-22	Change
Revenue	362,500	410,636	674,298	462,462	593,753	637,714	7.4%	464,187	561,936	21.06%
Cost of Sales	(227,805)	(242,694)	(432,190)	(323,302)	(403,172)	(441,813)	9.6%	(314,804)	(388,560)	23.4%
Gross profit	134,695	167,942	242,108	139,160	190,581	195,901	2.8%	149,383	173,376	16.1%
Operating Profit	62,499	72,930	93,856	28,100	72,307	73,149	1.2%	52,117	62,286	19.5%
Net Profit	74,070	82,877	115,881	31,500	82,299	79,595	-3.3%	58,361	59,555	2.0%
Total Assets	296,092	376,108	474,469	563,221	635,016	725,308	14.2%	659,143	765,506	16.1%
Total Liabilities	19,741	45,538	50,499	133,043	145,019	200,676	38.4%	150,480	162,855	8.2%
Total Shareholder's Equity	276,351	330,570	423,970	430,178	489,997	524,632	7.1%	505,113	584,187	15.7%
EPS (\$)	0.08	0.09	0.13	0.04	0.09	0.09		0.06	0.07	
Book Value per share (\$)	0.31	0.37	0.47	0.48	0.54	0.58		0.56	0.65	
Key Ratios										
Gross Profit margin	37.2%	40.9%	35.9%	30.1%	32.1%	30.7%		32.2%	30.9%	
Operating Profit Margin	17.2%	17.8%	13.9%	6.1%	12.2%	11.5%		11.2%	11.1%	
Net Profit margin	20.4%	20.2%	17.2%	6.8%	13.9%	12.5%		12.6%	10.6%	
Return on Average Assets	25.0%	24.7%	27.2%	6.1%	13.7%	11.7%		8.9%	7.8%	
Return on Average Equity	26.8%	27.3%	30.7%	7.4%	17.9%	15.7%		11.6%	10.2%	
Current ratio (x)	14.85	9.79	9.94	9.11	9.13	5.89		8.27	7.64	
Quick ratio (x)	11.21	7.15	7.07	5.83	6.53	4.02		6.11	5.09	
Cash ratio (x)	6.31	1.84	1.44	0.23	5.10	2.73		0.35	0.57	
Debt/Equity (x)	-	0.03	0.02	0.01	0.00	0.04		-	0.03	

Source: *www.jamstockex.com, boj.org.jm, pioj.gov.jm, Bloomberg, Company Financials, Company Prospectus, JMMB Investment Research.*

APPENDIX

IMPORTANT DISCLOSURES

ABSTRACT—As a part of our new Portfolio Strategy we are recommending strict adherence to the following Portfolio Allocation **DEFINITIONS/RECOMMENDATIONS**.

PLEASE NOTE THAT NO INDIVIDUAL ASSET IN YOUR PORTFOLIO SHOULD HAVE A WEIGHTING GREATER THAN 5% UNLESS OTHERWISE RECOMMENDED BY YOUR PORTFOLIO MANAGER OR A SPECIFIC JMMB RESEARCH REPORT. CONSEQUENTLY THE FOLLOWING **DEFINITIONS** ARE PROVIDED FOR CLARITY.

STRONGLY UNDERPERFORM—REDUCE EXPOSURE IN YOUR PORTFOLIO TO LESS THAN 2.5% FOR THIS PARTICULAR ASSET

UNDERPERFORM—REDUCE EXPOSURE IN YOUR PORTFOLIO TO 2.5% - 4.9% FOR THIS PARTICULAR ASSET

All information contained herein is obtained by JMMB® Investment Research from sources believed by it to be accurate and reliable. All opinions and estimates constitute the Analyst's judgment as of the date of the report. However, neither its accuracy and completeness NOR THE OPINIONS BASED THEREON ARE GUARANTEED. As such NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS OR COMPLETENESS OF THIS REPORT IS GIVEN OR MADE BY JMMB® IN ANY FORM WHATSOEVER.

SELL—REDUCE EXPOSURE IN YOUR PORTFOLIO TO ZERO.

HOLD/MARKETPERFORM—EXPOSURE TO THE ASSET SHOULD BE EQUAL TO 5% OF YOUR TOTAL PORTFOLIO HELD AT JMMB.

OUTPERFORM/BUY—EXPOSURE TO THIS ASSET SHOULD BE BETWEEN 5% AND 10% OF YOUR TOTAL PORTFOLIO HELD AT JMMB

COPYRIGHT INFRINGEMENT

“Unless otherwise expressly stated, copyright or similar rights in all material in this research report (including graphical images) is owned, controlled or licensed by Jamaica Money Market Brokers Limited or its affiliates (JMMB) and is protected or covered by copyright, trade mark, intellectual property law and other proprietary rights. No part of this research report or the report in its entirety may be published, used, reproduced, distributed, displayed or copied for public or private use in any form including by any mechanical, photographic or electronic process (electronically, digitally on the Internet or World Wide Web, or over any network, or local area network or otherwise) without written permission from JMMB.

No part of this research report may be modified or changed or exploited or used in any way for derivative works, or offered for sale, or used to construct any kind of database or mirrored at any other location without the express written permission of JMMB.

Thank you for respecting our intellectual property rights.”

The investments referred to in this report may not be suitable for you should consult your licensed investment advisor. Nothing in this report constitutes investment, legal, accounting or tax advice or a representation that any investment or strategy is suitable to your individual circumstances or otherwise constitutes a personal recommendation to you.

Disclosure Under The Securities Act

This disclosure is being provided pursuant to section 39 of the Securities Act. This research report is prepared by Jamaica Money Market Brokers Limited (JMMB) and the information and views expressed are those of JMMB. JMMB is a subsidiary of the JMMB Group Limited (JMMBGL).

All information contained herein is obtained by JMMB® Investment Research from sources believed by it to be accurate and reliable. All opinions and estimates constitute the Analyst's judgment as of the date of the report. However, neither its accuracy and completeness NOR THE OPINIONS BASED THEREON ARE GUARANTEED. As such NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS OR COMPLETENESS OF THIS REPORT IS GIVEN OR MADE BY JMMB® IN ANY FORM WHATSOEVER.

Associated persons of JMMB include JMMBGL and its subsidiaries and affiliated companies, including JMMB Fund Managers Limited, a licensed securities dealer and manager of collective investment schemes.

As at the date of this report, JMMB and its affiliates, directors, officers, employees and other associated persons may from time to time buy or sell, or act as principal or agent in, the securities mentioned in this research report. JMMB or its affiliates, directors, officers and employees have no interest in or interest in the acquisition or disposal of the securities other than expressed above. No part of their compensation is or will be related to the recommendations or opinions in this report.