

# Market Guide

June 30, 2026

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“A 10% decline in the market is fairly common—it happens about once a year. Investors who realize this are less likely to sell in a panic, and more likely to remain invested, benefitting from the wealth building power of stocks.” - *Christopher Davis*

**Annya Walker, CFA**  
VP Strategy Research  
Innovation & Projects  
(876) 935-2716  
Walkerad@jncb.com

**Thea Christian, CBCA,  
FMVA, CMSA**  
Senior Research Analyst  
Howardta@jncb.com

**Jamie Muir, FMVA**  
Research Analyst  
Muirja@jncb.com

**Raju Gunnings, FMVA**  
Senior Research Analyst  
Gunningsrr@jncb.com

**Shereese Bailey, CBCA  
CMSA, FMVA**  
Senior Research Analyst  
Baileysd@jncb.com

**Sean-Isaac Watson, CMSA**  
Research Analyst  
Watsonsn@jncb.com

## Are Junior Market Companies Thriving Post-Tax Incentives?

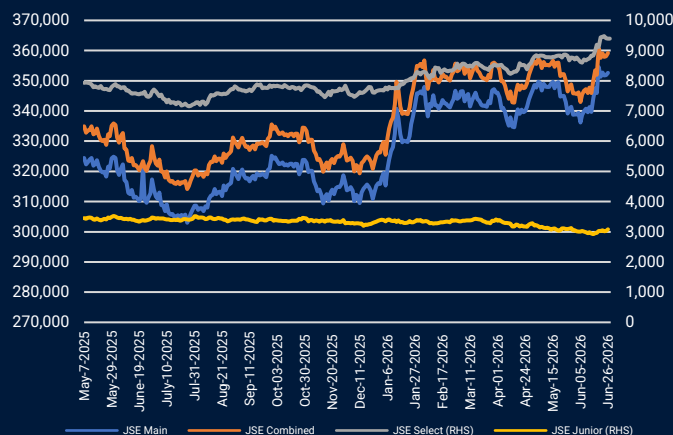
Like a rocket using booster engines to break through the atmosphere, growing companies often need an initial boost to reach their full potential. For the companies that list on the Junior Market (JM) of the Jamaica Stock Exchange (JSE), the tax incentives<sup>1</sup> provide an immediate earnings boost, which, alongside IPO proceeds, provides them with breathing room to invest in expansion, strengthen operations, and scale their businesses more rapidly. However, just as boosters eventually detach, JM Tax incentives eventually cease, and future growth will rely on the strength of the business's own propulsion, robust strategies, disciplined execution, and continued innovation to generate sustainable profitability. In this week's publication, we assess the earnings performance of JM stocks after their tax incentives wind down, the contributing factors and what it could mean for investors.

So, what happens when the financial boosters finally detach? A review of companies whose tax incentives have expired suggests that the JM tax incentive provided a meaningful launchpad for growth, but long-term success ultimately depended on how effectively companies used that window to build resilient businesses. While earnings growth generally slowed as companies transitioned from 100% to 50% tax remission, the more meaningful test came once the full tax benefit expired. At that stage, the gap between the strongest and weakest businesses became increasingly evident as higher tax expenses, coupled with other specific and exogenous challenges, exerted a gravitational pull on bottom-line growth. Companies that had used the tax savings and IPO proceeds to expand capacity, improve operational efficiency, and diversify or grow their

revenue base were generally better positioned to absorb the higher tax burden. Others, however, found it far more difficult to sustain earnings growth once that tailwind disappeared. Among a sample consisting of 15<sup>2</sup> of the first set of listed companies to complete their 10-year tax remission period, 5 companies on average grew earnings, managing to maintain positive compound annual growth rates (CAGRs) for net profits even after transitioning to a 100% fully taxed environment<sup>3</sup>. The remaining 10 players struggled to maintain altitude, reflecting the combined effects of higher effective tax rates, operational challenges, and adverse external conditions that their own engines have yet to overcome.

Among the highflyers were LASCO Manufacturing Limited (LASM), LASCO Distributors Limited (LASD), Caribbean Producers Jamaica Limited (CPJ), Blue Power Group Limited (BPOW), and Access Financial Services (AFS). A common feature among the strongest performers was their willingness to reinvest the tax incentive's financial benefits into long-term growth initiatives, such as capacity expansion, acquisitions, export development, and product diversification. LASM's growth, for example, was supported by significant capital expenditure on production capacity, which was partly enabled by its tax savings. The company spent more than \$6.38Bn over the 10 years, which included the expansion of its operations in White Marl, St. Catherine, by creating two major manufacturing plants: a Dry Plant and a Liquid Plant, alongside continued automation and product innovation.

### WEEKLY MOVEMENT IN INDICES



### MOVEMENT IN INDICES

JSE Indices	Closing Levels	WoW % Change	YTD % Change
Combined Index	359,223.79	-0.42%	9.37%
Main Market Index	352,580.53	-0.55%	10.88%
Select Index	9,393.85	-0.52%	22.39%
Junior Market Index	3,080.01	1.63%	-9.45%

### WINNERS & LOSERS FOR THE WEEK ENDED JUNE 26, 2026

	\$ Change	% Change
JFP	\$0.11	39.29%
KNTYR	\$0.04	30.77%
KREMI	-\$0.60	-40.00%
MPCCEL	-\$10.86	-36.33%

### MARKET OVERVIEW

Weakness in a handful of heavyweight stocks masked an otherwise balanced trading environment last week. The JSE Combined Index slipped 0.4% week-over-week, with Carreras Limited (CAR) accounting for much of the downside after weighing heavily on both the broader market and the Manufacturing & Distribution (M&D) Index. Beneath the surface, however, the market was largely balanced with advancers narrowly outpacing decliners (57 versus 55), suggesting that weakness remained concentrated among a handful of heavily weighted names rather than reflecting a broad deterioration in investor sentiment.

Large-cap stock weakness continued to shape index performance throughout the week. The JSE USD Equities Index posted the steepest decline, falling 3.0%, primarily reflecting a 15.0% drop in A.S. Bryden & Sons Holdings Limited USD (ASBH), whose sizeable market capitalisation disproportionately weighed on the index. Similarly, the M&D Index declined 2.7%, with losses in CAR (-6.6%) and, to a lesser extent, West Indies Petroleum Terminal (-0.8%), WISYNCO Group (-0.7%) and ASBH (-0.6%) more than offsetting gains elsewhere within the sector. That said, buying interest quietly resurfaced across pockets of the JSE Junior Market, lifting the index 1.6% over the week. The advance was led by Express Catering (+16.2%), Dolla Financial Services (+14.2%), and Fontana (+8.2%). Despite last week's rebound, the Junior Market remains 9.5% lower year-to-date, suggesting investors continue to favour selective opportunities rather than signalling a broad recovery in investors sentiment towards small-cap stocks.

Liquidity told a slightly different story. Although the value of shares traded fell sharply by 52.9% week-over-week to J\$864.15Mn, trading volumes were largely unchanged, easing just 0.9% to 193.09Mn shares. Overall, the week's trading reflected a market driven by company-specific positioning. While large-cap names continued to dictate index performance, the relatively balanced market breadth and interest in selected smaller-cap stocks suggest investors remain willing to deploy capital where valuations and fundamentals are compelling, even as sentiment toward the broader market remains measured.

<sup>1</sup> Companies listed on the junior market are granted a 10-year tax incentive: Those companies pay no income tax for the first five years after their listing on the JSE and the remaining period at half the income tax rate or 12.5%.

<sup>2</sup> The sample used included AMG, BPOW, KREMI, CFF, PURITY, HONBUN, JAMT, LASF, PTL, LASD, LASM, CPJ, and GENAC.

<sup>3</sup> CAGR is measured using the first 5 years post the end of the 100% tax remission, for companies where 5 years were not present post the end of the tax break, a minimum of a 3-year CAGR was used.

By expanding capacity and automating production, LASM improved efficiency, met rising demand, and strengthened its market position, laying the foundation for continued earnings growth, with earnings compounding at a 13.2% annual growth rate (CAGR) over the 5 years since its tax break ended. BPOW (CAGR: +5.12%) over the post-tax incentive period also pursued a manufacturing-led growth strategy focused on expanding soap production capacity and strengthening export markets. This was supported by investments in new production lines, factory reorganisation, additional wrapping machinery, and expanded warehousing capacity. It also included the development of regional distribution channels across the Caribbean and the US. These initiatives improved output, shelf presence, and export reach, contributing to stronger overall performance. LASD (CAGR: 8.0%) expanded its White Marl warehouse and integrated new business intelligence software, engineering long-term, structural cost savings that acted as heat shields when its tax remissions expired. These investments translated into operational resilience, with net profit increasing by 25.3% in FY2020/2021 as the tax benefit expired in October 2020, and despite rising input costs, which dampened gross profits at the time. For AFS (CAGR: +0.6%), inorganic growth through acquisition has been a key avenue to growing its business. Notably, the company acquired the loan portfolio of Asset Management Company Limited from Proven Investments Limited (PROVEN) in 2015, along with Micro Credit Limited's portfolio in 2016, to capture a larger share of the local microfinance market and complement organic growth. However, the growth in direct costs (FY2019/2020: CAGR: +33.7%), coupled with full tax liabilities as of October 2019, tempered its overall earnings performance (+0.6%). CPJ (CAGR: +8.7%) highlights the importance of external conditions in shaping earnings growth. The company's earnings had come under pressure ahead of the expiry of its full tax remission in July 2021, with the COVID-19 pandemic and the collapse of the tourism and hospitality sectors further weighing on growth. However, post-COVID revenue recovery of 106.2% and profit growth of 406.6% were driven by the reopening of the hospitality sector rather than tax-driven reinvestment effects.

As the booster phase gave way to unassisted flight, some companies lost momentum in the face of rising costs, weaker revenue conditions, and external shocks, including COVID-19-related disruption and global supply chain volatility. Honey Bun Limited (HONBON; CAGR: -12.9%) accelerated its organic trajectory, aggressively increasing its route sales fleet, opening new retail outlets, and launching products like its

To maintain altitude once the final tax boosters detach, companies must continuously find new sources of revenue growth, optimise supply chains, leverage economies of scale, and relentlessly defend their operating margins.

premium Buccaneer Jamaica rum cakes into international markets. However, higher selling, distribution and administrative expense growth contributed to earnings volatility when it started paying the full income tax rate in June 2021. General Accident Insurance Company Limited (GENAC; CAGR: -12.9%) also witnessed stalled earnings growth, given rising cost pressures. During its tax remission period, GENAC advanced a regional expansion strategy, growing its presence in Trinidad and Barbados as part of a broader effort to diversify underwriting risk and scale gross written premiums across the Caribbean. However, higher finance expense from insurance contracts and lower net investment income in some years, along with higher company fees given its migration to the Main Market in 2023 (a year after the end of its tax remission), moderated its earnings trajectory. Meanwhile, Paramount Trading (Jamaica) Limited (PTL; CAGR: -36.1%) used its tax-advantaged years to pay down debt, including completely clearing its Allegheny loan to slash finance costs and compress its operating expense-to-revenue ratio from 24% to 19% in FY2022/2023 even as it began to take on full taxes that financial year. However, the company jumped to a net loss in FY2023/2024 on the back of lower year-over-year (YoY) revenues due to a one-time admixture contract for a new hotel in FY2022/2023 and only returned to modest profits in the following year. Consolidated Bakeries Jamaica Limited (PURITY; CAGR: -14.1%) and AMG Packaging & Paper Company Limited (AMG; CAGR: -1.9%) found shielding their margins far more difficult against the friction of supply chain shocks from the COVID-19 pandemic. Despite PURITY pumping \$60Mn into plant and fleet upgrades in FY2020, the company struggled to protect its profitability from rising raw material and administrative costs. That said, the company has shown signs of recovery since the start of 2026, posting improved margins and a return to profit as operational pressures continue to ease. Similarly, AMG undertook the construction of a new 10,300-square-foot facility in January 2021,

just 6 months before the end of its 10-year tax-free period, to stockpile inventory and mitigate the risk of unstable global paper prices.

As we look at the horizon, a new squadron of JM stocks is rapidly approaching structural tax adjustments related to the remission. Companies like Stationery and Office Supplies (SOS), Fosrich Limited (FOSRICH), Main Event Entertainment Group Limited (MEEG), and Express Catering Limited (ECL), which were listed in 2017, have full tax exposure looming in 2027. Close behind them are Indies Pharma (INDIES), Fontana Limited (FONTANA) and Mailpac Group (MAILPAC), which were listed in 2019 and have now transitioned into their 50% phase, while Future Energy Source Company (FESCO) enjoyed the ride of its initial 100% holiday after its 2021 IPO until April of this year. So far, many of these companies have flown well, despite significant turbulence, including the COVID-19 pandemic, 2 hurricanes and the geopolitical tension from the US-Israeli war on Iran. Fosrich, for example, successfully deployed its early tax savings to drastically expand payload capacity and aggressively grow its solar and Polyvinyl Chloride (PVC) product lines to generate over \$324.71Mn (+62.9% YoY) in earnings in FY2022. However, the company reported a loss in FY2025, as shipping delays, which led to a slowdown in supplies, coupled with the decline in global solar panel costs, both of which stalled revenue growth. Similarly, FESCO has been aggressively expanding its physical fuel station network to drive growth. However, the JR tax remission expired in April 2026. This is expected to moderate the pace of earnings growth as a larger portion of pre-tax profits is absorbed by taxation. Nonetheless, the company's outlook is anchored by the expected growth potential from its aggressive network expansion strategy, including a newly company-owned and operated station – FESCO Oval, and its diversification into the Liquefied Petroleum Gas (LPG) segment. Conversely, SOS has been navigating a challenging operating environment, worsened by the impact of Hurricane Melissa. It will, therefore, need to strengthen its competitive position to drive robust topline growth and achieve substantial cost/efficiencies from its investors to offset the impact of the higher tax rate once it takes effect in the next 2 years. Similarly, Fontana's 5-year tax break ended in January 2024, and it will begin paying full taxes in January 2029. The higher expected tax expenses imply that cost control and efficiency will be even more important to sustaining profitability, especially as operating expenses grew by 54.5% during the period when it opened its Portmore store and acquired Monarch Pharmacy.

Ultimately, the JM tax incentive has provided a critical financial propellant necessary to support the transformation of ambitious small enterprises into resilient market heavyweights. However, to maintain altitude once the final tax boosters detach, companies must continuously find new sources of revenue growth, optimise supply chains, leverage economies of scale, and relentlessly defend their operating margins. To accurately gauge true operational strength, investors must look past the tax shield and closely monitor the underlying telemetry: pre-tax earnings growth, operating margin stability, and cash flow generation. Where the tax holiday has masked underlying cost or operational pressures, shareholder returns and dividend-paying capacity could plummet once the final booster falls away. Conversely, those who have used their tax-free journey to build structurally sound, scalable business models will seamlessly enter a stable, long-term orbit, proving they are fully equipped to navigate the gravitational realities of the wider markets and deliver sustainable, long-term value in a fully taxed universe.

## Foreign Exchange Market

For the week ending June 26, 2026, the Jamaican dollar (JMD) appreciated as it took J\$0.81 less at the close of trading on Friday to purchase one United States dollar (US\$1) relative to June 19, 2026. The appreciation was largely influenced by the Bank of Jamaica's (BOJ's) intervention in the market, selling US\$50.00Mn through its B-FXIT interventions on June 25th (US\$30.00Mn) and 26th (US\$20.00Mn), which increased the supply and, in turn, translated to a stronger JMD.

Selling	Close: 19/6/2026	Close: 26/6/2026	Change
J\$/US\$1	\$158.58	\$157.78	-\$0.81
J\$/CDN\$1	\$112.80	\$112.08	-\$0.72
J\$/GBP£1	\$209.32	\$208.41	-\$0.91

## Global Bond Market

The Global bond market was shaped by a combination of stronger-than-expected U.S. economic data, persistent inflationary pressures and evolving geopolitical developments, which reinforced expectations that the Federal Reserve (Fed) could keep monetary policy restrictive for longer.

The U.S. economy grew at an upwardly revised annualised rate of 2.1% in the first quarter, above the previously reported 1.6%, supported by lower imports and stronger corporate profits. However, consumer spending was revised sharply lower to a 0.5% pace from 1.4%, reflecting weaker outlays on services and international travel. Despite this moderation, spending appears to have picked up early in the second quarter, supported by larger tax refunds and resilient labour market conditions, suggesting the economy remains on a relatively solid footing. Against this backdrop, the Fed's preferred inflation gauge, the Personal Consumption Expenditures (PCE) Price Index, accelerated to 4.1% in May, its highest annual reading since April 2023, as the earlier surge in energy prices stemming from the U.S.-Iran conflict continued to filter through the economy. Core PCE also accelerated to 3.4%, its highest level since October 2023, indicating that price pressures have become more broad-based. The stronger inflation data, coupled with

the Fed's increasingly hawkish rhetoric, reinforced market expectations that policymakers could still deliver a rate hike later this year.

Geopolitical developments added another layer of uncertainty. Oil prices declined to pre-war levels as more tankers resumed transits through the Strait of Hormuz following the ceasefire, easing concerns over global energy supplies. However, investor sentiment remained cautious after reports of renewed drone attacks near the shipping corridor and continued disagreements between the U.S. and Iran over the implementation of the June 17<sup>th</sup> memorandum of understanding.

As investors weighed these conflicting signals, the 10-year U.S. Treasury yield dipped to 4.38% from 4.45% the previous week as prices rose. This comes as investors balanced resilient economic activity against signs that geopolitical risks and lower crude prices could moderate inflationary pressures in the months ahead. EM bonds also rallied as yields declined, evidenced by upward price movements of the Barbados, Bahamas, Trinidad and Tobago and Dominican Republic notes.

	Currency Rating	Indicative Price	Yield	Recommendation
Abbot Lab (4.65%) 2036 (NEW) <sup>4</sup>	A+/ Stable	100.75	4.55%	BUY
Airbnb (5.25%) 2036 (NEW) <sup>5</sup>	BBB+/ Stable	103.25	4.83%	BUY
Amazon (4.55%) 2033	AA-/ Stable	101.75	4.25%	BUY
Amazon (4.65%) 2035	AA-/ Stable	100.75	4.55%	BUY
Amazon (4.875%) 2036	AA-/ Stable	101.75	4.65%	BUY
Bahamas (6.63%) 2033	BB-/ Stable	104.50	5.82%	BUY
Bahamas (8.25%) 2036	BB-/ Stable	115.75	6.12%	BUY
Bahamas (8.95%) 2032	BB-/ Stable	116.00	5.87%	BUY
Barbados (8.00%) 2035	B+/ Positive	111.00	6.37%	BUY
Blackstone (6.00%) 2032	BBB-/ Positive	102.00	5.58%	BUY
Block Inc (6.00%) 2033	BB+/ Positive	104.50	5.23%	BUY
DOMREP (5.50%) 2029	Ba2/ Stable	103.50	4.08%	BUY
DOMREP (5.75%) 2034	Ba2/ Stable	102.00	5.43%	BUY

<sup>4</sup> Issuer- Abbott Laboratories, **Type**- Senior Unsecured, **Callable**-Yes, **Coupon Rate**- 4.65%, **Coupon Payment**- Semi-annually, **Maturity** – September 16, 2036, Risk Profile - **Conservative**

<sup>5</sup> Issuer- Airbnb Inc Industry-Alternative Accommodation, **Type**- Senior Unsecured, **Callable**-Yes, **Coupon Rate**- 5.25%, **Coupon Payment**- Semi-annually, **Maturity** - March 16, 2036, Risk Profile - **Conservative**

	Currency Rating	Indicative Price	Yield	Recommendation
DOMREP (5.88%) 2035	Ba2/ Stable	102.25	5.56%	BUY
DOMREP (6.15%) 2038	Ba2/ Stable	102.75	5.83%	BUY
DOMREP (6.95%) 2037	Ba2/ Stable	109.50	5.75%	BUY
GEOPARK (8.75%) 2030	B+/ Stable	104.25	7.37%	BUY
Goldman Sachs Private Credit (5.875%) 2031	BBB-/ Stable	102.00	5.37%	BUY
Jefferies (6.25%) 2036 (NEW) <sup>6</sup>	BBB/ Stable	106.50	5.37%	BUY
Kingston Airport Revenue (6.75%) 2036	Ba3/ Negative	104.25	6.19%	BUY
Minerva (4.38%) 2031	BB/ Stable	85.65	6.50%	BUY
Minerva (7.50%) 2036 (NEW) <sup>7</sup>	BB/ Stable	\$98.75	7.68%	BUY
NCBFG (11.0%) 2030	B+/ Stable	\$107.98	8.25%	-
Netflix (5.875%) 2030	A2/ Positive	104.00	3.70%	BUY
NRG (3.88%) 2032	BB+/ Stable	95.25	4.85%	BUY
NRG (6.00%) 2033	BB+/ Stable	103.50	5.36%	BUY
NRG (6.125%) 2036	BB+/ Stable	103.00	5.72%	BUY
NRG (6.25%) 2034	BB+/ Stable	104.25	5.60%	BUY
Petro Rio (6.75%) 2030	BB-/ Positive	101.25	6.41%	BUY
TRANSJAM (5.75%) 2036	BB/ Positive	99.50	5.81%	BUY
Trinidad and Tobago (6.50%) 2036	BBB-/ Negative	108.75	6.47%	BUY
Trinidad Generation Unlimited (7.75%) 2033	BB/ Stable	108.75	6.18%	BUY
BANORTE (5.75%) 2031	BB-/ Negative	104.00	4.88%	SELL
FRICON (7.7%) 2028	CC	18.50	126.55%	SELL

\*Prices and yields are indicative. For further information on the recommendations outlined in this publication, including suitability considerations and detailed investment insights, clients are encouraged to contact their NCB Capital Markets Wealth Advisor. Your Wealth Advisor can provide personalised guidance aligned with your investment objectives, risk tolerance and portfolio strategy. Additionally, see Disclaimer on page 9.

## GOJ Globals

Ticker	Maturity	Bid	Offer Yield*
JAMAN	2028	102.90	4.47%
	2036	116.00	6.27%
	2039	120.40	5.60%
	2045	120.55	6.05%

\*NB: The rates quoted above are opening indicative levels on the international market and are subject to change as market conditions vary throughout the trading session. Additionally, the prices quoted to clients of NCB Capital Market Limited (NCBCLM) are adjusted to reflect the costs associated with completing the transaction on the respective client's behalf.

## Local Corporate Bonds

Name	Maturity	Coupon	Price	Yield
BDHR	2027	8.15%	100.25	7.76%
SJPC	2032	8.85%	104.00	7.98%

## Money Market

Liquidity in the JMD money market, as measured by the aggregated current balances held by Deposit-Taking Institutions (DTIs) strengthened. As at June 26, 2026, the total aggregate current balance was J\$69.07Bn, compared to the previous week J\$46.20Bn.

Demand for Bank of Jamaica (BOJ) liquidity management instruments remained healthy last week, underscoring continued appetite for short-term Jamaican-dollar investments. The BOJ's 30-day Certificate of Deposit (CD) auction attracted J\$47.46Bn in bids against an offer of J\$35.0Bn, resulting in a 1.36x bid-to-cover ratio (1.24x in the previous auction). The stronger subscription reflected robust demand despite the BOJ increasing the amount offered by J\$3.00Bn, with total bids rising by 19.9% compared with the previous auction. The next 30-day CD auction is scheduled for Wednesday, July 1, 2026.

The BOJ also conducted a 14-day repurchase agreement (repo) auction, which received J\$2.30Bn in eligible bids against an offer of J\$1.30Bn (Based on these figures, the implied bid-to-cover ratio is approximately 1.77x). The auction's weighted average yield increased by 37 basis points to 5.98%, suggesting participants demanded slightly higher returns for short-term liquidity.

Overall, the latest auction results suggest domestic liquidity remains ample, with investor demand for short-term BOJ instruments continuing to outpace supply despite the central bank increasing issuance.

<sup>6</sup> **Issuer-** Jefferies Financial Group Industry-Broker Asset Managers, Exchanges, **Type-** Senior Unsecured, Callable-No, **Coupon Rate-** 6.25%, **Coupon Payment-** Semi-annually, **Maturity** – January 15, 2036, Risk Profile - **Conservative**

<sup>7</sup> **Issuer-** Minerva Luxembourg S.A. Industry-Agriculture **Type-** Senior Unsecured, Callable-No, **Coupon Rate-** 7.50%, **Coupon Payment-** Semi-annually, **Maturity** – April 22, 2036, Risk Profile - **Aggressive**

## Dates to Watch This Week

International Local

June – July 2026

MON	TUE	WED	THUR	FRI
29	30	01	02	03
BOJ's Policy Interest Rate Decision	Gross Domestic Product (STATIN) (Q1 2026)  Unemployment Data (STATIN) (April 2026)  CPFV Dividend Payment Date (BDS\$0.005/share)  JAMT Dividend Payment Date (JS\$0.025/share)  SALF Dividend Payment Date (J\$0.069/share)  SCI (Pref H) Dividend Payment Date (J\$2.50/share)  SCI (Pref I) Dividend Payment Date (US\$0.20/share)  First Rock AMG (Rodney Bay, Gros Islet, St. Lucia and online.)		PBD (9.25% Pref) Dividend Payment Date (US\$0.23125/share)  PBD (10.50% Pref) Dividend Payment Date (\$25.890411/share)	
	UK GDP Data (Q1)  CAD GDP Data (Apr & May)		US Unemployment Data (June)	

## Recommendations

Ticker	Closing Price (June 30, 2026)	P/E	Avg. Sector P/E	Current Recommendation
SVL	\$17.28	23.9x	23.9x	BUY
GK	\$70.49	9.9x	11.7x	BUY
CCC	\$101.61	12.7x	13.4x	BUY
FESCO	\$3.68	12.0x	16.5x	BUY

Prices and yields are indicative. For further information on the recommendations outlined in this publication, including suitability considerations and detailed investment insights, clients are encouraged to contact their NCB Capital Markets Wealth Advisor. Your Wealth Advisor can provide personalised guidance aligned with your investment objectives, risk tolerance and portfolio strategy. Additionally, see the Disclaimer on page 9.

## Unit Trusts

Fund	Fund Composition	Price/ NAV\$	12 Month Growth Rate	YTD Growth Rate	Yield (Estimated Yearly Income)
NCB Capital Markets Limited (NCB CAPFUNDS)			NAV* As at June 29, 2026		
O Money Market Fund (M Fund)	F	16.7210	5.55%	2.83%	4.02%
O Income Optimizer Fund (iO Fund) ◊	F	15.7133	5.36%	2.00%	3.51%
Caribbean Equity Fund (E Fund) †	E	27.2626	-2.91%	2.78%	7.69%
◊ Real Estate Fund (rE Fund) †	R, F	17.6404	17.85%	4.08%	1.85%
O USD Money Market Fund (xM Fund)	F	1.2551	3.29%	1.65%	2.10%
O USD Bond Fund (xB Fund)	F	1.3636	2.56%	1.63%	2.92%

Key: O = Tax Free (special conditions apply) · ☆ = Tax Free · † = Sales commission/front end fee up to 2% · ◊ = Non-Diversified Unit Trust · F/E/R = Fixed Income, Equity, Real Estate

## Regional News

### Caymanianisation to Impact Real Estate More Than Financial Services

The proposed Local Companies (Control) (Amendment) Bill marks a significant shift in the policy environment for foreign-owned businesses operating in the Cayman Islands. The Bill, published in June 2026 and scheduled for parliamentary debate, would empower the Cabinet to suspend the issuance of Local Companies Control Licences to foreign-owned businesses, either broadly or within specific industries. Premier Andre Ebanks has framed the measure as a modernisation of 1970s-era legislation that no longer reflects Cayman's economic maturity, arguing that a skilled Caymanian workforce now exists to fill roles previously requiring expatriate enterprise. While no immediate widespread restrictions are anticipated, the discretionary and open-ended nature of the proposed power itself is a source of uncertainty for internationally oriented investors. The political pressures driving the bill are deeply rooted and unlikely to dissipate. The non-Caymanian share of the population has risen to a record 54.7% in 2025, up from 43.3% in 2016, as rapid economic growth has drawn a large expatriate workforce into financial services and hospitality. Housing costs have become the primary cost-of-living grievance among Caymanian voters, and all three parties in the National Coalition For Caymanians (NCFC) campaigned on pledges to improve economic opportunities for Caymanians and moderate immigration. A non-binding referendum held alongside the April 2025 election, which rejected cruise berthing infrastructure development, further illustrated the direction of public sentiment toward prioritising quality of life over unconstrained growth.

The real estate sector will bear the brunt of early implementation, given its political salience and limited systemic importance to the broader economy. The government has explicitly identified property development as a priority area, reflecting voter grievances over housing affordability and the visible dominance of expatriate-owned enterprises in a market directly linked to the cost-of-living pressures that dominated the 2025 election campaign. That said, BMI does not expect the legislation to trigger sweeping intervention across the broader economy over the next two years, and the financial services sector in particular is well insulated by the government's own fiscal dependence on it. Unlike the financial services sector, which accounts for over 30% of Gross Domestic Product (GDP) and the large majority of government fee revenue, real estate presents a lower-risk target for intervention. A moratorium on new foreign-owned property development licences would be politically popular, economically containable in the near term and difficult for international investors to challenge given the discretionary framing of the legislation. Furthermore, the structural incentives for any Cayman administration to protect the offshore financial centre model are too strong to allow aggressive application of licensing restrictions in that sector. However, investors should treat the bill as an early signal of a broader political direction rather than a one-off measure. As the NCFC coalition approaches the next general election, due in 2029, campaigning pressures are likely to intensify demands for more visible Caymanianisation outcomes, raising the risk that the scope of intervention gradually widens beyond real estate into other sectors where expatriate-owned businesses are perceived to be crowding out Caymanian participation.

Source ~ BMI, A Fitch Solutions Company

### IMF Approves US\$257Mn Precautionary Stand-By Arrangement for Barbados

The IMF Executive Board approved a new 36-month precautionary Stand-By Arrangement (SBA) for Barbados amounting to US\$257Mn. The arrangement gives Barbados immediate access to US\$64Mn (BDS\$128Mn); however, the Barbadian authorities have indicated that they will treat it as precautionary and will not request the funds at this time. According to the IMF, the SBA will provide critical insurance if external shocks generate balance of payments needs, while helping anchor macroeconomic stability and support reform implementation under the Barbados Economic Recovery and Transformation Plan 2026 (BERT 2026).

The key pillars of the SBA include sustaining strong fiscal accounts, balancing debt sustainability with development needs, maintaining ample international reserves to support the exchange rate peg, implementing structural reforms, and building resilience to natural disasters. The IMF Deputy Managing Director, Dr Nigel Clarke, highlighted that Barbados' implementation of BERT 2022 has reinforced macroeconomic stability, placed public debt on a downward path, rebuilt international reserves, restored access to capital markets, and completed important structural reforms. While the economic outlook remains stable, the IMF noted downside risks from geopolitical tensions, global policy uncertainty and vulnerability to natural disasters. It also stressed the need for structural reforms to boost medium-term growth, including tackling infrastructure bottlenecks, improving the business environment, and closing skills gaps.

Sources ~ IMF & Nation News

# International News

## U.S. Military Attacks Iranian Targets After Commercial Tanker Hit in the Strait of Hormuz

The U.S. military attacked a number of Iranian targets after a commercial tanker in the Strait of Hormuz was reported to have been struck by a projectile on Saturday. The attacks were the latest escalation of tensions between the two countries in recent days, following an interim agreement meant to bring an end to hostilities in the region. The U.S. military launched strikes on Iranian targets in the region, including "military surveillance infrastructure, communication systems, air defence sites, drone storage facilities, and minelayer capabilities," according to an online statement late Saturday from the U.S. Central Command. The strikes were in retaliation for an Iranian attack earlier in the day on a commercial tanker, Central Command said.

Despite the barrage of attacks, Central Command said commercial vessel transits through the critical waterway continue. The fresh attacks come as the U.S. and Iran are supposed to be engaging in a 60-day ceasefire as they hold talks to end their war. But both have accused the other of violating their end of the agreement. The U.S. military struck Iran on Friday after President Donald Trump accused the Islamic Republic of "foolish violation" of a ceasefire agreement by launching drone attacks at ships in the strait. Central Command said its aircraft "struck Iranian missile and drone storage locations and coastal radar sites." That comes after a drone attack by Iran on Thursday struck the Singapore-flagged cargo ship Ever Lovely in the strait off the coast of Oman, Central Command said in a post on X. The vessel continued on its way through the strait, a major thoroughfare for oil shipments. The renewed attacks come more than a week after Trump and Iranian President Masoud Pezeshkian signed a memorandum of understanding aimed at developing a permanent peace deal to end the war between their two nations.

Source ~ Reuters

## Fed President Neel Kashkari Expects A Rate Hike This Year

Minneapolis Federal Reserve President Neel Kashkari said Friday he has changed his outlook and now expects that one interest rate increase will be necessary this year. In remarks just over a week after the Federal Open Market Committee voted to hold its benchmark rate steady, Kashkari said he sees a hike as likely this year as the economy continues to feel the hit from spiking inflation tied to fighting in the Middle East and other factors.

Kashkari said his approach to rates has shifted as he remains sceptical that the energy price-induced cost surges will abate soon, as unease continues in the Middle East. While much of the inflation surge has been blamed on oil prices, Kashkari cited other factors. "The inflation is being driven by supply dynamics, so whether it's tariffs pushing up the price of goods that we buy from abroad, it's the fertiliser that's been disrupted because of the Strait of Hormuz and energy and oil prices from the Strait of Hormuz," he said. "Then it's also being driven by massive investment, hundreds of billions of dollars a year into data centres and all of the associated infrastructure that goes with that. Anything that touches those sectors, the prices are skyrocketing on those parts of the economy." Early comments from policymakers coming out of the Fed meeting suggest mixed views on the FOMC, of which Kashkari is a voting participant this year. On Thursday, New York Fed President John Williams said he expects inflation to ease and he sees current policy well-positioned for current dynamics. At the same time, Chicago Fed President Austan Goolsbee told CNBC that he remains concerned about inflation but declined to speculate on where he sees rates heading.

Source ~ CNBC

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