

Market Guide

June 16, 2026

THIS ISSUE

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in Real Estate Stocks

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"Knowing what you don't know is more useful
than being brilliant." – Charlie Munger

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The Disconnect between Price and Value in Real Estate Stocks

Beneath a relatively flat earnings performance, Jamaica's listed Real Estate (RE) companies¹ showed signs of strengthening during the March 2026 quarter; however, they continue to trade below their intrinsic value. Rising occupancy, higher rental rates and growing recurring cash flows supported operational performance across much of the sector, even as reported profits remained mixed. Despite these improvements, most real estate stocks continue to trade well below the value of their underlying assets, highlighting a gap between operational progress and investor confidence. In today's story, we pull the curtains on the March 2026 quarterly results for RE stocks. We'll also assess their valuation multiples to see if there are any opportunities for investors.

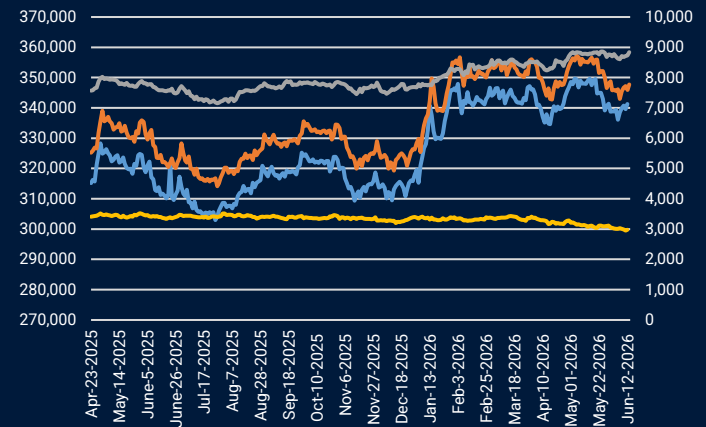
The March 2026 quarter delivered a mixed set of earnings results across RE stocks. Aggregate quarterly earnings rose marginally, up 2.3% year-over-year to J\$1.40Bn (See Table 1), reflecting a balance of strong quarterly performance from Stanley Motta Limited (SML), 138 Student Living Limited (138SL), Eppley Caribbean Property Fund Limited SCC (CPFV), which were counterweighed by Kingston Properties Limited (KPREIT), Sagicor Real Estate X Fund Limited (XFUND), and First Rock Real Estate Investments Limited (FIRSTROCK).

As the rounds progressed in 2026, Stronger occupancy, rising rents and an expanding tenant base laid the foundation for higher earnings during the quarter. Among the RE stocks that opened the door to stronger earnings, SML delivered the strongest quarterly performance, up 60.4% to J\$145.4Mn. The commercial and corporate real estate developer benefited from a 45.0% increase in rental income to J\$237.0Mn, supported by higher occupancy levels, stronger leasing activity and

contributions from newly completed developments. Notably, the Productive Business Solutions (PBS) building began contributing meaningfully to earnings during the quarter, helping to diversify the company's tenant base and reduce reliance on any single occupant. Meanwhile, student accommodation provider 138SL reported a 56.8% increase in net profit to J\$120.7Mn as occupancy remained near full capacity at approximately 98.0%. Regional real estate investment company CPFV also contributed positively to sector earnings, reporting a 14.0% increase in profit attributable to shareholders to BD\$1.47Mn. The improvement was supported by contractual rent escalations and healthy occupancy levels across its regional portfolio that spans its three operating territories - Jamaica, Trinidad and Tobago and Barbados. This geographic diversification helps offset weakness in any single property or market, while long-term lease agreements provide stable and predictable cash flows.

However, not all RE companies had a solid foundation for the March quarter, as weaker earnings from KPREIT, XFUND and FIRSTROCK largely offset those gains in the sector. KPREIT's earnings declined by 34.2% US\$0.66Mn, XFUND's by 2.7% to J\$391.5Mn, and FIRSTROCK's by 3.1% to US\$522.3K. KPREIT's decline reflected the absence of fair value gains arising from increases in the appraised value of investment properties, gains on disposal and a one-off positive deferred tax adjustment, which boosted the Q1 2025 earnings base. At the same time, XFUND reported lower interest income of J\$82.04Mn (-29.8%) alongside unfavourable foreign exchange movements which offset improved operating performance at its hotel and commercial operations. Meanwhile, FIRSTROCK earnings continued to be

WEEKLY MOVEMENT IN INDICES



MOVEMENT IN INDICES

JSE Indices	Closing Levels	WoW % Change	YTD % Change
Combined Index	347,710.14	1.37%	5.87%
Main Market Index	341,287.00	1.53%	7.33%
Select Index	8,837.84	2.74%	15.14%
Junior Market Index	2,980.34	-0.98%	-12.38%

WINNERS & LOSERS FOR THE WEEK ENDED June 12, 2026

	\$ Change	% Change
ISP	\$3.05	35.1%
LAB	\$0.16	19.1%
PBSUSD	-\$0.11	-24.3%
KNTYR	-\$0.03	-20.0%

MARKET OVERVIEW

Most of the local stock market gauges rebounded last week, driven primarily by gains in a handful of heavyweight stocks, most notably Scotia Group Jamaica Ltd. (SGJ), which surged following the announcement of its proposed privatisation at J\$61.50 per share. Additional strength in Carreras Limited and Tranjamaican Highway Ltd. (TJH) helped lift the market, with the Combined Index advancing 1.4%. However, the positive headline performance masked underlying weakness across the broader market. Of the 66 securities that traded during the week, 40 declined, 19 advanced and seven closed unchanged, indicating that buying interest remained concentrated rather than broad-based. Indeed, declining stocks outnumbered advancing stocks by more than two-to-one, suggesting that the average listed company did not participate in the market's rebound.

Six of the nine major indices finished higher, led by the JSE Select Index (+2.74%) and the JSE Financial Index (+2.24%). The Select Index benefited from gains in Carreras (+8.9%) and TJH (+6.8%), despite the absence of any material company-specific developments. Meanwhile, SGJ's rally following its June 12 announcement that it intends to delist and go private at J\$61.50 per share lifted the Financial Index. At the time of the announcement, SGJ closed at J\$54.21, implying a takeover premium of 13.5%, which likely spurred investor demand. Given the stock's sizeable weighting within the index, its advance contributed meaningfully to both the Financial Index and the broader market's gains. The JSE Junior Market Index declined 0.98%, making it the weakest-performing major index for the week and bringing its year-to-date return to -12.4%. The persistent underperformance stands in contrast to gains across several Main Market indices and highlights the challenges smaller-cap stocks have faced in attracting investor interest this year. Losses in Fosrich Company Limited (-5.7%) and Indies Pharma Jamaica Limited (-10.9%) were among the notable drags on performance during the week.

Overall, trading activity remained heavily concentrated. Dolla Financial Services Limited (DOLLA), Kintyre Holdings (JA) Limited (KNTYR) and Productive Business Solutions Limited's USD ordinary shares (PBS) collectively accounted for 89.2% of total market volume.

¹ Sygnus Real Estate Finance Limited was excluded as its latest earnings were for the quarter ended November 2025.

influenced by development-related activities, foreign exchange movements and joint venture contributions, resulting in modest profit contraction during the period.

Notwithstanding the mixed performance, most of the RE stocks assessed showed positive signs on the interiors of their respective financial statements. All 6 reported higher rental income, suggesting ample demand for commercial, residential, hospitality and specialised accommodation. While SML reported the highest percentage increase in rental income (45.0%), KPREIT also enjoyed a 31.7% build-up, reflecting contributions from recently acquired UK assets. FIRSTROCK and 138SL also recorded rental income growth of 10.0% and 7.0%, respectively, while CPFV noted that it benefited from contractual rent escalations across its portfolio. More notably, Funds From Operations (FFO) which measures real estate companies' capacity to generate cash from core operations was also a column of strength for many RE stocks. SML delivered the strongest FFO improvement of 56.9% to J\$151.7Mn, outpacing earnings growth. CPFV also showed a 26.6% increase in FFO to BD\$1.6Mn. Meanwhile, KPREIT trailed close with a 23.6% increase in FFO to US\$0.64Mn despite lower reported profits. Collectively, these results indicate stronger earnings quality owing to higher recurring revenues and cash generation from the underlying portfolio of properties, which is a positive for investors.

Amid the mixed earnings and more encouraging signs from rental income and FFO, RE stocks continue to trade at depressed valuations as measured by the price-to-book value (P/B) multiple² (See Figure 1). Excluding KPREIT, which trades at a P/B of 1.10x, all other RE stocks on the JSE are trading below 1.0x, suggesting that investors continue to place heavy discounts on the value of the sector's assets. KPREIT's higher P/B³ likely reflects the fact that historically, the company has maintained positive earnings, NOI and FFO and relatively consistent dividends⁴ and successfully expanded its portfolio across multiple jurisdictions. KPREIT has indicated that its strategy remains centred on capital recycling, selective acquisitions, expansion of its UK portfolio, and completion of the Rousseau Road warehouse development. Conversely, CPFV (0.55x) trades at a steep discount, despite growing earnings and dividends significantly

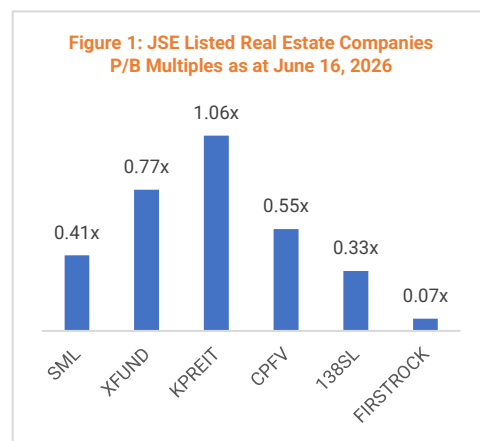
Ultimately, the low P/B multiples across the sector imply that investors seeking to sell their shares on the market today would not be able to realise the full reported value of the underlying net assets, as reflected by the substantial discounts at which these stocks continue to trade.

over the last 5 years⁵ and carries the highest dividend yield (4.3%) among the RE stocks. As for SML (0.41x), investors may be waiting for evidence that the earnings uplift associated with the PBS building can be sustained, particularly given the accompanying increase in financing costs and a choppy dividend history. For XFUND (0.81x), the discount to book value may reflect investor concerns over the company's earnings trajectory and limited cash returns to shareholders. The company has not paid a dividend in the last five years, and earnings have generally trended lower since 2021 at a negative four-year CAGR of 6.3%. For 138SL (0.32x), the discount appears more closely linked to ongoing uncertainty surrounding the Irvine Hall concession and related UWI claims⁶. Additionally, 138SL has not been a consistent dividend payer, declaring only one dividend over the last five financial years (FY2023), which may further limit investor appetite for the stock. Meanwhile, FIRSTROCK's (0.07x) valuation likely reflects its more volatile earnings profile, against the backdrop of challenges with its development, Hambani Estate. The development has faced construction delays and financing challenges in recent years⁷. Although it is reportedly 90% complete with several units already contracted, it was not fully completed during the quarter, limiting its contribution to earnings and cash flows. Management has indicated that once a new financier is secured, the project could be completed within three months. These factors, alongside foreign exchange movements and joint venture contributions, contributed to the company's modest profit contraction during the period. Ultimately, the low P/B multiples across the sector imply that investors seeking to sell their shares on the market today would not be able to realise the full reported value of the underlying net assets, as reflected by the

substantial discounts at which these stocks continue to trade.

The March 2026 quarter revealed a sector that appears stronger beneath the surface than headline earnings and valuations suggest. While aggregate profits remained largely unchanged, rental income increased across all six companies assessed, and several reported meaningful growth in FFO, indicating stronger recurring cash flow generation from their underlying property portfolios. Yet despite these improvements, most real estate stocks continue to trade at substantial discounts to book value, likely reflecting investor concerns around earnings consistency, dividends and company-specific risks. For investors searching for bargains, a low price-to-book ratio alone may not be enough. Some discounts may represent genuine opportunities, while others could prove to be value traps. Ultimately, the companies best positioned to narrow the valuation gap are likely to be those that can consistently convert property assets into recurring earnings, growing cash flows and shareholder returns in the form of consistent dividend payouts, supporting higher dividend yields.

Ticker	Mar-25	Mar-26	YoY (%)
SML	90.66	145.43	60.4%
XFUND	402.42	391.47	-2.7%
KPREIT	158.23	104.12	-34.2%
CPFV	101.51	115.74	14.0%
138SL	77.00	120.74	56.8%
FIRSTROCK	539.02	522.32	-3.1%
Aggregate Earnings	1,368.84	1,399.81	2.3%



² The Price-to-Book (P/B) ratio is highly useful for real estate stocks because it compares the stock's market value to the tangible, physical assets on its balance sheet (like land, buildings, and properties). It provides a baseline "floor value" for investors to see what they are paying per dollar of net assets

³ KPREIT's P/B multiple has consistently remained above 1.0x since 2018. | Source Bloomberg

⁴ The company has consistently paid dividend over the last 5 financial year ranging from US\$0.22 in FY2021 to US\$0.09 in FY2025

⁵ CPFV has consistently paid dividend over the last 5 FY improving from BBD\$0.61 in FY2021 to BBD\$3.25 in FY2025.

⁶ During FY2025, management restated its 2022-2024 financial statements to reflect adjustments associated with concession-related claims and retrospective utility charges, while negotiations regarding the concession agreement remain ongoing.

⁷ First Rock Real Estate Investment Limited announced plans to regain possession of the remaining lots at its Hambani Estate residential complex from Sagicor Bank Jamaica. The move comes after Sagicor Bank took control of the lots due to non-payment of a loan. First Rock said in a market filing this week that it intends to pay off the loan with financing from a financial institution, which it did not name.

Foreign Exchange Market

The Jamaican dollar (JMD) depreciated in trading last week. It took J\$1.10 more at the close of trading on Friday to purchase one United States dollar (US\$1) relative to June 5, 2026. The slight depreciation was driven by strong end-user demand, despite an additional US\$60Mn in market liquidity injected through the Bank of Jamaica's (BOJ's) BFXITT operations during the previous week.

The BOJ is scheduled to inject additional US dollar liquidity into the foreign exchange market through its B-FXITT Standard Sale Operation scheduled for June 25–26, 2026. The amount to be offered will be disclosed on the day prior to the auction.

Selling	Close: 5/6/2026	Close: 12/6/2026	Change
J\$/US\$1	\$158.10	\$159.20	+\$1.10
J\$/CDN\$1	\$113.80	\$114.34	+\$0.54
J\$/GBP£1	\$215.04	\$213.52	-\$1.52

Global Bond Market

The bond market spent last week digesting the uncertain prospect of a US-Iran ceasefire deal, which would ease geopolitical tensions, against resilient U.S. economic data, as investors positioned for the Federal Reserve's (Fed's) first policy decision under Chair Kevin Warsh. Direct U.S.-Iran missile exchanges earlier in the week kept tensions elevated and maintained an oil risk premium, with investors closely monitoring threats to the strategically important Strait of Hormuz. However, sentiment improved as the week progressed. Brent crude fell below US\$86 per barrel, its lowest level since early March, amid reports of ongoing diplomatic negotiations involving the United States, Israel and Iran. The decline suggested that markets are beginning to assign a lower probability to a prolonged conflict and supply disruption. Meanwhile, U.S. economic data continued to point to a resilient economy. Labour market conditions remained healthy, with job creation exceeding expectations and unemployment holding steady, although some indicators suggested a gradual moderation in hiring momentum. Inflation signals were more mixed. Producer prices accelerated to their highest annual pace since late 2022, while consumer inflation data indicated that underlying price pressures outside of energy remained relatively contained. Taken together, the data reinforced the view that the economy continues to expand at a sustainable pace, but that inflation risks have not been fully extinguished.

Against this backdrop, attention has shifted to the Fed's June 16–17 meeting, the first under Chair Kevin Warsh. Markets widely expect policymakers to leave the federal funds rate unchanged at 3.50%-3.75%, with resilient economic activity, persistent inflation pressures and elevated energy prices reducing the urgency for rate cuts. Instead, investors will focus on the updated Summary of Economic Projections and Warsh's first post-meeting press conference for clues regarding the policy path ahead. Given Warsh's reputation as a more hawkish policymaker and his criticism of forward guidance, markets will be watching closely for any shift in tone

away from the easing bias that characterised the latter stages of Jerome Powell's tenure.

Overall, the combination of resilient economic activity, persistent inflation risks and lingering geopolitical uncertainty reinforced a cautious market backdrop. U.S. Treasury yields declined modestly during the week, with the 10-year Treasury yield falling to approximately 4.45% from 4.53%, as investors sought safety amid uncertainty. That same caution weighed on emerging-market debt, with both Caribbean sovereign bonds and emerging-market corporate credits broadly ending the week lower.

	Currency Rating	Indicative Price	Yield	Recommendation
ABT (4.65%) 2036 (NEW) ⁸	A+/ Stable	\$100.25	4.62%	BUY
Airbnb (5.25%) 2036 (NEW) ⁹	BBB+/ Stable	\$103.00	4.86%	BUY
Amazon (4.55%) 2033 (NEW) ¹⁰	AA-/ Stable	\$101.75	4.25%	BUY
Amazon (4.65%) 2035	AA-/ Stable	\$101.25	4.49%	BUY
Amazon (4.875%) 2036 (NEW) ¹¹	AA-/ Stable	\$101.50	4.68%	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	\$115.50	5.96%	BUY
Barbados (8.00%) 2035	B+/ Positive	\$110.75	6.41%	BUY
Blackstone (6.00%) 2032	BBB-/ Positive	\$101.25	5.73%	BUY
Block Inc (6.00%) 2033	BB+/ Positive	\$104.50	5.24%	BUY
DOMREP (5.50%) 2029	Ba2/ Stable	\$103.75	4.00%	BUY
DOMREP (5.75%) 2034	Ba2/ Stable	\$102.00	5.43%	BUY
DOMREP (5.88%) 2035	Ba2/ Stable	\$100.25	5.84%	BUY
DOMREP (6.15%) 2038	Ba2/ Stable	\$103.75	5.80%	BUY
DOMREP (6.95%) 2037	Ba2/ Stable	\$109.25	5.78%	BUY
GEPARK (8.75%) 2030	B+/ Stable	\$105.00	7.15%	BUY

⁸ Issuer- Abbott Laboratories, Type- Senior Unsecured, Callable-Yes, Coupon Rate- 4.65%, Coupon Payment- Semi-annually, Maturity – September 16, 2036, Risk Profile - Conservative

⁹ 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

¹⁰ Issuer- Amazon Inc Industry-Retailers, Type- Senior Unsecured, Callable-Yes, Coupon Rate- 4.55%, Coupon Payment- Semi-annually, Maturity - March 13, 2033, Risk Profile - Conservative

¹¹ Issuer- Amazon Inc Industry-Retailers, Type- Senior Unsecured, Callable-Yes, Coupon Rate- 4.875%, Coupon Payment- Semi-annually, Maturity -March 13, 2036, Risk Profile - Conservative

	Currency Rating	Indicative Price	Yield	Recommendation
Goldman Sachs Private Credit (5.875%) 2031	BBB-/ Stable	\$102.00	5.38%	BUY
Jefferies (6.25%) 2036 (NEW) ¹²	BBB/ Stable	\$106.50	5.37%	BUY
Kingston Airport Revenue (6.75%) 2036	Ba3/ Negative	\$85.65	6.42%	BUY
Minerva (4.38%) 2031	BB/ Stable	\$85.65	6.26%	BUY
Minerva (7.50%) 2036 (NEW) ¹³	BB/Stable	\$99.25	7.61%	BUY
NCBFG (11.0%) 2030	B+/ Stable	\$107.89	8.68%	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	\$102.75	5.76%	BUY
NRG (6.25%) 2034	BB+/ Stable	\$104.25	5.60%	BUY
Petro Rio (6.75%) 2030	BB-/ Positive	\$103.25	5.88%	BUY
TRANSJAM (5.75%) 2036	BB/ Positive	\$99.50	5.81%	BUY
Trinidad and Tobago (6.50%) 2036	BBB-/ Negative	\$106.75	5.58%	BUY
BANORTE (5.75%) 2031	BB-/ Negative	\$103.00	5.09%	SELL
FRICON (7.7%) 2028	CCC/ RWN	\$15.75	139.11%	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	103.00	4.45%
	2036	116.00	6.27%
	2039	119.75	5.67%
	2045	119.85	6.10%

*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 increased, as measured by the aggregated current balances held by Deposit-Taking Institutions (DTIs). As at June 12, 2026, the total aggregate current balance was J\$54.23Bn, compared to the previous week J\$49.15Bn.

Demand for Bank of Jamaica (BOJ) instruments remained firm last week, reflecting continued appetite for Jamaican-dollar liquidity management products despite relatively stable interest rates. The BOJ's 30-day Certificate of Deposit (CD) auction attracted J\$28.17Bn in bids against an offer of J\$15.00Bn, resulting in a bid to cover ratio of 1.88x, up from 1.35x in the previous auction. The seemingly stronger demand followed a reduction in the offer size (44.4% or J\$12.0Bn) and contributed to the average yield declining 5 basis points (bps) to 5.63%. The next CD auction is scheduled for Wednesday, June 17, 2026.

The BOJ also issued J\$55.00Bn of its 6.00% Fixed Rate 25-Month CD 2028 through a competitive price auction. Total bids reached J\$53.94Bn, representing a 0.98x bid-to-offer ratio, with all eligible bids allocated. Successful bids cleared at an average yield of 7.15% and an average price of J\$97.78. Following settlement, the total nominal outstanding balance of the 2-Year CD programme increased to J\$143.94Bn.

Meanwhile, demand for short-term liquidity remained robust. The BOJ's 14-day repurchase agreement auction received J\$2.30Bn in eligible bids against an offer of J\$1.30Bn, producing a bid-to-cover ratio of 1.77x. The weighted average yield increased modestly by 5 bps to 5.98%.

Overall, the auction results suggest liquidity conditions remain ample, with investors continuing to deploy funds into BOJ instruments across both short- and medium-term maturities, even as yields remain broadly stable.

¹² **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**

¹³ **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 2026

MON	TUE	WED	THUR	FRI
15	16	17	18	19
CPI Release (MoM) (May)			CAR Dividend Payment Date (J\$0.46/share) SCI Preference Shares H Ex-Dividend Date SCI Preference Shares I Ex-Dividend Date	GK Dividend Payment (J\$0.55/share)
		US Fed Rate Interest Rate Decision UK CPI Data (May) EU CPI Data (May)	UK BoE Interest Rate Decision (Jun)	

Recommendations

Ticker	Closing Price (June 16, 2026)	P/E	Avg. Sector P/E	Current Recommendation
SVL	\$17.09	22.1x	22.1x	BUY
GK	\$68.15	9.6x	11.3x	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 8.

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 15, 2026		
O Money Market Fund (M Fund)	F	16.6908	6.00%	2.64%	4.30%
O Income Optimizer Fund (iO Fund) ◊	F	15.6821	5.48%	1.80%	3.44%
Caribbean Equity Fund (E Fund) †	E	26.0414	-7.57%	-1.83%	8.81%
◊ Real Estate Fund (rE Fund) †	R, F	17.6218	17.83%	3.97%	1.92%
O USD Money Market Fund (xM Fund)	F	1.2533	3.54%	1.50%	1.99%
O USD Bond Fund (xB Fund)	F	1.3600	1.58%	1.36%	2.93%

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

Shell Deal Advances Development of Venezuela's 7-Trillion-cubic-foot Loran Gas Field

Venezuela has advanced five agreements with Shell to develop the 7-trillion-cubic-foot Loran gas field, with the deals, signed on June 11, formalizing Shell's participation in Loran, a cross-border reservoir shared with Trinidad and Tobago. Building on preliminary agreements reached earlier this year, the deals deepen Shell's involvement in Venezuela's energy sector at a time when the country is seeking to increase oil and gas output and attract foreign investment. "We are taking a historic step by signing this license for phase one of the Loran field's development plan," interim President Delcy Rodriguez declared during a signing ceremony broadcast on state television.

In addition to Loran, the parties agreed to establish a technical alliance to support procurement and output expansion at oilfields in northern Monagas. Additionally, a separate agreement covers the acquisition of equipment and parts aimed at reducing gas flaring. Loran is expected to play a central role in Venezuela's offshore gas ambitions: along with the 4.2-trillion-cubic-foot Dragon project, also involving Shell. The field is expected to help launch the country's first offshore gas exports, with supplies destined for Trinidad and Tobago for processing into liquefied natural gas. The agreements also strengthen Shell's position among the key partners of state-owned Petróleos de Venezuela, S.A. (PDVSA), having previously reduced its footprint before re-engaging through a series of projects. According to the Venezuelan government, oil production linked to the agreements will increase the availability of diluents needed to produce the country's flagship Meroy crude blend and support domestic refining operations.

Source ~ OIL Now

Guyana's Growth Continues to be Exceptional

Guyana is expected to remain one of the strongest-performing economies in the Caribbean and the wider Latin America region as oil production continues to expand and economic transformation accelerates, according to the latest Global Economic Prospects report released by the World Bank Group. The June 2026 flagship report projects that economic activity across the Caribbean will strengthen despite ongoing global uncertainties, with growth reaching 2.5 percent in 2026 and averaging approximately 3.9 percent between 2027 and 2028, and while most Caribbean economies remain vulnerable to higher fuel costs as net energy importers, it identified Guyana as an exception, citing continued expansion in oil output as a major driver of growth. According to the World Bank, "growth is expected to remain exceptionally strong" in Guyana as petroleum production increases and economic activity broadens.

The report highlighted that regional recovery is being supported by stronger domestic demand and continued expansion in services, particularly tourism. However, Guyana's performance continues to stand out because of its growing energy sector and strengthening export position. Export performance across Latin America and the Caribbean was described as resilient, especially among commodity and energy exporters including Guyana. The World Bank noted that favourable oil price developments have helped the country's export earnings and maintain economic momentum. The Guyanese government has repeatedly outlined its intention to use oil revenues to build a diversified economy capable of generating long-term opportunities across productive sectors. The June 2026 report reinforces that outlook, positioning Guyana as a major economic growth engine within the Caribbean at a time when many economies continue to navigate inflationary pressures, energy costs and external trade uncertainty.

Source ~ Caribbean News Global

International News

Hormuz Trade Will Take Months to Recover Despite U.S.-Iran Deal

While oil markets have reacted with enthusiasm to an interim agreement between the U.S. and Iran which should reopen the Strait of Hormuz and restore oil and gas flows, analysts warn that a return to normality could be months away. A US-Iran deal will ease supply risk, but rebuilding confidence among shipowners, insurers and refiners will take longer. Many buyers have already adapted to the disruption by securing alternative supplies and routes, meaning there will be no straightforward return to pre-war trade. Shipping activity is expected to recover gradually, as some companies have indicated that they will wait until the deal is formally signed before attempting to cross the Strait. Meanwhile, insurance requirements, mine-clearing operations, and port congestion could further delay the recovery. Middle Eastern producers have been forced to shut in more than 10Mn barrels per day of oil production since the Strait was closed three and a half months ago. Producers will need time to fully ramp up wells, while the status of the Strait remains uncertain even if it reopens as expected. Production recovery is expected to vary by country. While producers such as Saudi Arabia and the United Arab Emirates may be able to restore output relatively quickly, countries like Iraq could face greater challenges after shutting in a larger proportion of production. Wood Mackenzie analysts estimate affected fields could return to 70% of prior production within three months and 90% within six months, with full recovery taking considerably longer. Further, analysts cautioned that oil prices could remain supported despite the agreement. Nations are expected to replenish depleted stockpiles and strategic petroleum reserves, while slower-than-expected supply recovery and continued uncertainty surrounding the deal could keep some geopolitical risk premium embedded in the market. Although the agreement could mark the end of the conflict between the U.S. and Iran, analysts stressed that it marks only the beginning of what is likely to be a long recovery process for the global oil and gas industry.

Source ~ Bloomberg & OilPrice.com

UK Economy Shrank 0.1% in April as Iran Conflict Weighed on Growth

The U.K. economy shrank by 0.1% in the month to April, figures published on Friday showed, matching the contraction economists polled by Reuters had expected. The decline reflects the continuing impact of the Iran war on growth. A 0.2% contraction in services activity was the main driver, partly offset by a 0.1% rise in construction output, while production was flat. That marked a reversal from growth of 0.3% in March, 0.4% in February and no growth in January. The largest drag on services output was a 9.1% decline in sports, amusement and recreation activities. The Office for National Statistics (ONS) partly attributed this decline to the conflict, noting that the cancellation of Middle East sporting events weighed on U.K.-based companies. Businesses across manufacturing, wholesale trade, transport support and travel services also reported weaker turnover amid higher energy and fuel costs linked to the conflict.

Suren Thiru, chief economist at the Institute of Chartered Accountants in England and Wales, said the data made a Bank of England rate cut next week unlikely and signalled a "damaging descent into stagflation." The U.S.-Iran war, which recently crossed the 100-day mark, has sparked supply constraints in global energy markets and a resurgence of inflation. As a net energy importer, the U.K. is particularly exposed. Of note, the IMF, which warned in April that Britain could suffer the biggest growth hit of any major economy, now forecasts U.K. growth of just 0.8% in 2026, down from 1.3% at the start of the year.

Source ~ CNBC

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