INVESTMENT AND SOVEREIGN RESEARCH November 18, 2024

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Sygnus Credit Investments Limited

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Executive Summary

Sygnus Credit Investments Limited ("SCI") is the Caribbean's largest publicly listed private credit investment company, focusing on providing alternative financing to middle-market businesses with revenues between US$5 million and US$25 million. With total assets of US$199 million, SCI has deployed over US$317 million in investment commitments since its inception in 2017. Its innovative financing solutions include bilateral notes, bonds, mezzanine debt, and other structured instruments to drive business growth. SCI recently increased its stake in Acrecent Financial LLC ("AFL") to 95.58%, leveraging AFL's strong performance in Puerto Rico's larger market, which has proven pivotal to SCI's growth.

In 2024, SCI delivered record financial results, including a net profit of US$6.0 million, reflecting a 5-year compound annual growth rate ("CAGR") of 32.2%. In the most recent financial quarter, AFL alone generated US$5.17 million in net profits over the last five quarters, aided by operational restructuring that significantly reduced costs and boosted efficiency.

Share Class	No. of Shares	Price per Share	Yield	Call Option	Dollar Value of Shares	US Equivalent (US$1: J$160)
Class H*	12,000,000	J$100	10.00%	15 Years	1,200,000,000	7,500,000
Class I	2,000,000	US$10	8.00%	15 Years	20,000,000	20,000,000
Total Being Raised						**US$27,500,000**

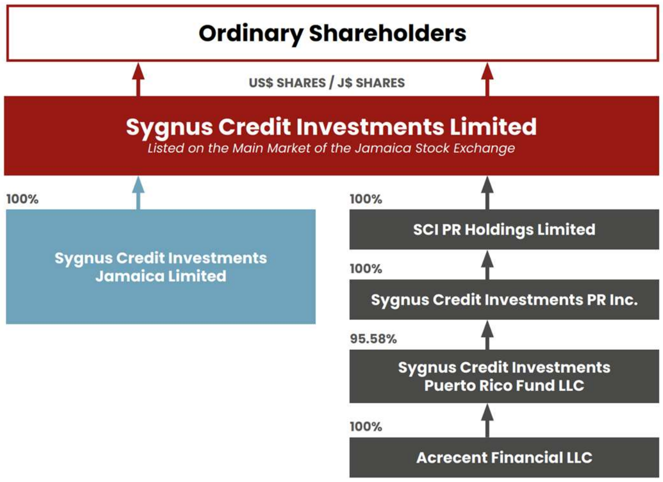
*upsizeable to J$1.6B or US$10.0M.

SCI seeks to raise up to a maximum of **US$30 million via a 15-year perpetual cumulative redeemable preference share offering, with competitive yields of 10% (JMD) and 8% (USD)**, paid quarterly. Proceeds will be used to refinance US$11 million in debt, expand its private credit portfolio, and support its target of raising US$100 million in credit facilities. The offering allows investors to lock in attractive yields amid anticipated declines in policy rates, with the potential for capital appreciation as rates fall. However, risks include call risk, as SCI can redeem the shares after 15 years and every three years after that, creating reinvestment uncertainty for investors. Additionally, SCI's reliance on middle-market businesses and sensitivity to economic downturns could impact returns, particularly during prolonged economic stagnation or inflationary periods.

While SCI's financial performance and strategic initiatives position it as a strong investment candidate, the long tenor and associated risks require careful consideration. This offering is well-suited for medium-to-long-term investors seeking steady income and willing to accept potential reinvestment and economic risks. We assign a **MARKET PERFORM/HOLD/MARKET WEIGHT** rating, reflecting the balance of attractive yields against long-term uncertainties.

Sygnus Credit Investments Limited

Company Overview



Sygnus Credit Investments Limited ("SCI") is the Caribbean's largest publicly listed specialty private credit investment company, with total assets of US$199 million. SCI focuses on providing alternative financing solutions to middle-market businesses across the Caribbean, with typical revenues between US$5 million and US$25 million. Since its inception in 2017, SCI has deployed over US$317 million in gross investment commitments.

During the 2024 financial year, SCI increased its stake in Acrecent Financial LLC ("AFL") to 95.58% with an additional US$3 million investment. Based in Puerto Rico, AFL manages US$159 million in assets under administration, including US$71 million in portfolio assets, but remains unconsolidated into SCI. SCI also invested US$1.5 million into the Sygnus Credit Investments Puerto Rico (Impact) Fund.

The company offers customised private credit solutions tailored to its portfolio companies' growth and expansion needs. Its instruments include bilateral notes, bonds, preference shares, mezzanine debt, convertible debt, and asset-backed financing. SCI aims to deliver attractive risk-adjusted returns while prioritising principal protection through income generation and, to a lesser extent, capital appreciation.

SCI has raised US$116 million in equity and preferred capital through private sales, public offerings, and preference share issuances. Its shares are listed on the Jamaica Stock Exchange. The company maintains an investment-grade credit rating of jmBBB+ (stable) on the Jamaican scale and cariBBB—(stable) on the regional scale, reflecting its financial stability and strong outlook.

Corporate Governance & Structure

The Board of Directors of Sygnus Credit Investments Limited brings extensive expertise in finance, governance, risk management, and strategic leadership. Led by Independent Chairman Linval Freeman, a Fellow of the Institute of Chartered Accountants of Jamaica ("FCA") and the Association of Chartered Certified Accountants ("FCCA"), the Board benefits from his distinguished career at Ernst & Young and leadership roles at Sygnus Real Estate Finance Limited, Canopy Insurance, and the University of Technology. Independent Non-Executive Directors include Ian Williams, President of ZNW Management, with expertise in regional market expansion, and Damian Chin, Director of Treasury/Finance at Sandals Resorts International, who chairs the Enterprise Risk Committee.

Other key members include Horace Messado, a financial and regulatory consultant who chairs the Audit and Governance Committee, and Hope Fisher, Director of the Bond Portfolio at the National Insurance Fund, bringing investment expertise. Peter Thompson, Group Client Investment Manager at JMMB Group, strengthens investment oversight, while Ike Johnson, Executive Vice President and COO of Sygnus Group, adds strategic and analytical insight. Together, the Board ensures robust governance and strategic guidance for the organisation.

Financial Performance Review

Sygnus Credit Invesments			Historical			Y-o-Y	5-Year
US$ '000	FY20	FY21	FY22	FY23	FY24		CAGR
Interest Income	5,382.8	8,221.7	10,217.4	14,085.3	18,762.3	33.2%	36.6%
Interest Expense	(890.8)	(1,797.5)	(3,112.7)	(5,950.0)	(10,286.9)	72.9%	84.3%
Net Interest Income	**4,492.0**	**6,424.2**	**7,104.8**	**8,135.3**	**8,475.4**	4.2%	17.2%
Puerto Rico Credit Fund Investment Income	0.0	0.0	1,098.8	372.4	1,304.6	250.4%	
Participation and Commitment Fees	7.0	62.8	42.7	379.2	319.4	-15.8%	159.9%
Total Investment Income	**4,499.0**	**6,487.0**	**8,246.2**	**8,886.9**	**10,099.4**	13.6%	22.4%
Total Operating Expenses	(1,469.9)	(2,726.9)	(2,980.0)	(3,803.7)	(4,815.5)	26.6%	34.5%
Net Investment Income	**3,029.1**	**3,760.1**	**5,266.2**	**5,083.2**	**5,283.8**	3.9%	14.9%
Fair Value Gain	74.6	1,416.8	2,878.6	886.5	448.1	-49.5%	56.5%
Net Foreign Exchange Gain/(Loss)	(1,039.4)	(73.0)	(405.2)	146.1	30.3	-79.3%	
Impairment Allowance on Financial Assets	(101.6)	(69.7)	(3,820.1)	(844.9)	(369.7)	-56.2%	38.1%
Profit before Taxation	**1,954.4**	**5,058.3**	**3,919.5**	**5,270.8**	**5,392.5**	2.3%	28.9%
Taxation Charge/Credit	18.4	(30.0)	(96.4)	(136.2)	632.6	-564.4%	142.1%
Net Profit	**1,972.8**	**5,028.3**	**3,823.1**	**5,134.6**	**6,025.1**	17.3%	32.2%
Investment in Portfolio Companies	53,595.8	82,797.5	98,349.9	126,592.5	157,759.6	24.6%	31.0%
Investment in Puerto Rico Credit Fund	0.0	0.0	24,159.2	24,884.3	30,291.1	21.7%	
Total Investment in Portfolio Companies	**53,595.8**	**82,797.5**	**122,509.0**	**151,476.7**	**188,050.8**	24.1%	36.9%
Total assets	61,039.6	87,870.4	136,794.0	163,864.4	198,537.3	21.2%	34.3%
Total liabilities	23,367.3	21,134.4	69,331.5	94,057.4	126,439.7	34.4%	52.5%
Shareholders' equity	**37,672.4**	**66,736.1**	**67,462.5**	**69,807.1**	**72,097.6**	3.3%	17.6%
Total debt	21,383.0	19,148.1	64,437.1	89,949.5	118,012.7	31.2%	53.3%

Over the last five years, the company’s net interest income grew from US$4.5 million to US$8.5 million (2023: US$8.1 million), reflecting a 5-year compound annual growth rate (“CAGR”) of 17.2% and year-on-year growth of 4.2%. This increase was driven primarily by the deployment of funds raised to finance its pipeline of private credit deals. Investment income, including contributions from AFC, rose 13.6% year-on-year to US$10.1 million in 2024, achieving a 5-year CAGR of 22.4%. Total expenses reached US$4.8 million in 2024, up 26.6% year-on-year, primarily due to management fees of US$2.9 million. Profit before taxation grew 2.3% year-on-year to US$5.4 million, while net profit increased 17.3% to US$6.0 million, achieving a 5-year CAGR of 32.2%.

The company ended 2024 with total assets of US$198.5 million and liabilities of US$126.4 million, resulting in equity of US$72.1 million, which has grown at a 5-year CAGR of 17.6%. Investments rose 24.4% year-on-year to US$188.1 million, growing at a 5-year CAGR of 38.2%, while total debt increased to US$118.0 million, reflecting a 5-year CAGR of 53.3%. In 2024, 41.5% of total debt was linked to preference shares and 58.5% to notes payable and borrowings.

Year-to-Date

Sygnus Credit Invesments		3M Historcal		3M	TTM
US$ '000	FY24	Sep-23	Sep-24	% Change	Sep-24
Interest Income	18,762.3	4,001.5	5,345.4	*33.6%*	20,106.3
Interest Expense	(10,286.9)	(1,875.7)	(3,040.4)	*62.1%*	(11,451.7)
Net Interest Income	**8,475.4**	**2,125.8**	**2,305.0**	*8.4%*	**8,654.6**
Puerto Rico Credit Fund Investment Income	1,304.6	(539.7)	2,672.1	*-595.1%*	4,516.3
PR Business Impact Fund Investment Income	0.0	0.0	93.5		93.5
Participation and Commitment Fees	319.4	62.2	20.1	*-67.7%*	277.3
Total Investment Income	**10,099.4**	**1,648.4**	**5,090.7**	*208.8%*	**13,541.7**
Total Operating Expenses	(4,815.5)	(1,105.7)	(1,257.7)	*13.8%*	(4,967.6)
Net Investment Income	**5,283.8**	**542.7**	**3,832.9**	*606.2%*	**8,574.0**
Fair Value Gain	448.1	251.1	1,010.6	*302.4%*	1,207.6
Net Foreign Exchange Gain/(Loss)	30.3	42.3	299.1	*606.4%*	287.1
Impairment Allowance on Financial Assets	(369.7)	(4.4)	(52.2)	*1097.6%*	(417.5)
Profit before Taxation	**5,392.5**	**831.8**	**5,090.5**	*512.0%*	**9,651.2**
Taxation Charge/Credit	632.6	(87.0)	(167.0)	*91.9%*	552.6
Net Profit	**6,025.1**	**744.8**	**4,923.6**	*561.0%*	**10,203.8**
Investment in Portfolio Companies	157,759.6	128,229.8	159,769.0	*24.6%*	
Investment in Puerto Rico Credit Fund	30,291.1	24,344.6	32,931.5	*35.3%*	
Total Investment in Portfolio Companies	**188,050.8**	**152,574.4**	**192,700.4**	*26.3%*	
Total assets	198,537.3	161,972.3	203,359.6	*25.6%*	
Total liabilities	126,439.7	93,020.7	126,338.5	*35.8%*	
Shareholders' equity	**72,097.6**	**68,951.5**	**77,021.2**	*11.7%*	
Total debt	118,012.7	88,097.8	122,496.1	*39.0%*	

SCI has delivered exceptional financial results, bolstered by the solid year-to-date performance of its Puerto Rican subsidiary, Acrecent Financial LLC. Key achievements for Q1 FY2024 reflect the success of strategic initiatives, including transforming Puerto Rico's operations, achieving record-breaking profitability, and enhancing operational efficiency.

Highlights of these accomplishments are outlined below:

- **Puerto Rico Operations Transformation**: The reorganisation of the Puerto Rico business in July 2023 significantly improved profitability. Puerto Rico's operations generated US$1.58 million in net profit for Q1 FY2024, a fourfold increase compared to the same period in FY2023. Puerto Rico's operations increased their available funds for new investments by 40%, enabling greater deal participation and higher investment activity.

- **Record Net Profit**: SCI recorded a net profit of US$4.9 million in Q1 FY2024, the highest quarterly profit to date, driven by gains from the Puerto Rico Credit Fund and robust interest income.

- **Increased Deployment**: SCI achieved a record deployment of US$24.7 million in Q1 FY2024, supported by growth in the English-speaking Caribbean and Puerto Rico. This level of deployment reflects a strong demand for flexible credit solutions.

- **Improved Cost Efficiency**: The reorganization of the Puerto Rico entity has decisively lowered operational costs by transitioning from an internal to an external fund management structure. For the quarter, the efficiency ratio improved to 26.5% from 67% pre-reorganization, meaning a more significant proportion of revenues translated into net profits.

Financial Statement Analysis

Profitability & Operations

Profitability & Operations	FY20	FY21	FY22	FY23	FY24	TTM
Profitability						
ROAE	*5.2%*	*9.6%*	*5.7%*	*7.5%*	*8.5%*	*14.0%*
ROAA	*4.0%*	*6.8%*	*3.4%*	*3.4%*	*3.3%*	*5.6%*
Net Interest Margin	*83.5%*	*78.1%*	*69.5%*	*57.8%*	*45.2%*	*43.0%*
Net Profit Margin	*36.6%*	*60.7%*	*33.7%*	*34.6%*	*29.6%*	*40.8%*
Operations						
Efficiency Ratio	*32.7%*	*42.0%*	*36.1%*	*42.8%*	*47.7%*	*36.7%*
Management Expense Ratio	*2.4%*	*3.1%*	*2.2%*	*2.3%*	*2.4%*	*2.4%*
Non-Performing Loans Ratio	*2.7%*	*2.8%*	*2.3%*	*1.3%*	*0.8%*	*0.7%*

Over the period, the company experienced a gradual decline in its net interest margin, primarily due to the reporting differences following its acquisition of Acrecent Financial LLC. Differences in accounting standards have resulted in no corresponding interest income being recorded, as AFL does not meet the consolidation requirements for SCI's financial statements. Debt was used to acquire the subsidiary, and once retired, it will result in improved net interest margins and enhanced profitability.

Recent financials, however, highlight a significant turnaround in profitability and operational efficiency. AFL's transition to an external fund management structure has introduced permanent cost-saving measures by eliminating recurring overhead expenses associated with employee management and internal infrastructure. This strategic shift positions the company for sustained efficiency and profitability.

While net profit margin and return on investment metrics have declined since 2021, they show improvement on a trailing twelve-month basis. The comparatively high values recorded for both variables in the 2021financial year were outliers due to a substantial fair value gain relative to expenses, equity, and assets. Operationally, the company has faced rising costs, with an efficiency ratio of 47.7% in the most recent financial year, exceeding the target of 40%. Despite this, the management expense ratio remains stable at 2.4%, well below the 2.85% threshold, and non-performing loans have declined to 0.8%.

Following the restructuring, the efficiency ratio reversed its trend and was below 40% in Q1 September 2024 and the following twelve months.

Solvency & Coverage

Solvency & Coverage	FY20	FY21	FY22	FY23	FY24	TTM
Solvency						
Debt-to-assets	0.35x	0.22x	0.47x	0.55x	0.59x	0.60x
Debt-to-investments	0.41x	0.24x	0.53x	0.59x	0.63x	0.64x
Debt-to-capital	0.36x	0.22x	0.49x	0.56x	0.62x	0.61x
Debt-to-equity	0.57x	0.29x	0.96x	1.29x	1.64x	1.59x
Equity multiplier	1.32x	1.43x	1.67x	2.19x	2.55x	2.50x
Coverage						
Total Income before Interest Exp. to Interest Exp.	6.05x	4.61x	3.65x	2.49x	1.98x	2.18x
Proft before tax and Interest Exp. to Interest Exp.	3.19x	3.81x	2.26x	1.89x	1.52x	1.84x
Debt-to-total income	4.75x	2.95x	7.81x	10.12x	11.69x	9.05x

Based on the debt ratios above, the company continues to remain solvent. At the end of the 2024 financial year, debt accounted for 63% of investments and 75% excluding the Puerto Rico fund. The investment has a weighted average term of 1.5 years and a weighted average yield of 15.1%. On a trailing twelve-month basis, solvency metrics have only slightly improved. In the most recent quarter, the investment has a weighted average term of 1.4 years and a weighted average yield of 15.3%.

In terms of coverage, the Company has experienced worsening metrics since 2021, with 2024 demonstrating the worst coverage metrics over the period in review. This is attributable to the volatility in income associated with the subsidiary AFL and its unoptimised structure.

Industry Outlook & Financial Testing

Low inflation expectations in the U.S. have permitted the Federal Reserve (Fed) to reduce interest rates by 75 basis points in 2024, with further cuts anticipated in the near future. Similarly, the Bank of Jamaica has been gradually lowering interest rates as inflation remains within its target range. Globally, interest rates are declining, as highlighted in a Reuters report which indicates that seven out of ten major developed-market central banks tracked by the publication have reduced their policy rates.

The International Monetary Fund (IMF) predicts that global growth will remain stable in 2025, while inflation is expected to decrease. However, due to geopolitical turmoil and political tensions, the risks to global growth are predominantly negative. In this context, central banks are likely to continue lowering interest rates. A decrease in yields could improve debt repayment capabilities and lessen the risk of prolonged defaults on Sygnus' investments.

Financial Stress Testing

Debt Repayment Schedule (US$M)			
Year	**2024**	**2025**	**2026**
January		13.9	7.8
February		16.7	
April			3.8
July		1.3	
October			9.6
November	3.4		
December	4.5	27.1	23.2
Total	**7.9**	**59.0**	**44.4**

Understanding SCI's financing decisions requires a grasp of the company's business model. Unlike traditional lenders, such as banks, SCI does not rely on consumer deposits to fund its opportunities. Consequently, the company constantly seeks financing to significantly grow its balance sheet year after year. The latest financial results indicate that SCI has over $110 million in debt, with specific repayment timelines outlined in the table.

Private credit funds in more mature markets have access to substantial lines of credit. SCI's subsidiary, AFL, has a credit line of approximately US$100 million. In contrast, SCI itself has access to a credit line of only US$8 million, despite having a higher asset base. The recent issuance of 15-year perpetual preference shares marks the first step toward diversifying its capital base, which will assist the company in scaling its operations. Based on the current investment profile of the portfolio companies, JMMB Group Research believes that the company will be able to meet its debt obligations.

To assess the viability of a stressed scenario for the company to continue being able to make payments, the assumptions are as follows:

1) There will be no growth in interest income.
2) Interest expense will grow by the amount preferred shareholders require as dividends, i.e. US$2.6 million.
3) Income from the Puerto Rico credit fund will amount to the average income for the 2022 to 2024 financial years.
4) There is no income from the Impact fund, nor any participation and commitment fees exist.
5) Total operating expenses increase by 40%.

This scenario reflects the following:

1) No further investments are made, resulting in an unchanged investment profile among investments and the same interest income.
2) A higher interest burden from debt obligations and a rollover of prior commitments.
3) Underperformance of its subsidiary and other funds.
4) Significant escalation in operating costs not attributable to management or corporate fees. Under these conditions, SCI will have a net investment income of US$25.2 thousand.

Sygnus Credit Invesments US$ '000	Stressed Results	% Change
Interest Income	20,106.3	0.0%
Interest Expense	(14,051.7)	22.7%
Net Interest Income	**6,054.6**	-30.0%
Puerto Rico Credit Fund Investment Income	925.2	-79.5%
Total Investment Income	**6,979.8**	-48.5%
Total Operating Expenses	(6,954.7)	40.0%
Net Investment Income	**25.2**	-99.7%

This outturn is unlikely relative to the trailing twelve-month results because of the strong performance demonstrated in Q1 2024/2025 and the new trajectory given the optimisation of the subsidiary funds.

Investment Positives & Negatives

Positives

1. **Diversification of capital sourcing:** In the most recent earnings call held by SCI's investment manager, it was noted that the subsidiary fund in Puerto Rico has access to a credit line of about US$100 million. The subsidiary's ability to raise financing can offset the main fund's ability to raise financing in Jamaica. SCI will try to get a credit line exceeding US$25 million, up from the current US$8 million.

2. **Commitment to getting US$100 million in credit facilities**: SCI recently acquired a US$10 million loan from World Business Capital, guaranteed by the Development Finance Corporation. This relationship is anticipated to be fostered and help the company achieve its target of US$100 million in credit facilities.

3. **Unpaid dividends from the Puerto Rico Fund**: Since the reorganisation of AFL in 2023, over the last five quarters, AFL has generated $5.17 million in net profits. Due to the accounting treatment of AFL, not all profits from the subsidiary fund are reflected on the financial statement. Only US$3.97 million has been reflected. Theoretically, SCI can attain about US$4.94 million in dividends from the subsidiary, and it is anticipated to earn more going forward as the business matures in the market.
4. **Expansion in a larger market, Puerto Rico**: SCI is seeking to become at least the second-largest private credit provider in Puerto Rico, which has a significantly higher total addressable market than any single country in the English-speaking Caribbean. Puerto Rico's GDP is over US$100 billion, relative to Jamaica's about US$20 billion.
5. **Declining policy rates**: Declining rates benefit the Puerto Rico fund significantly by creating an arbitrage opportunity. The subsidiary fund's capital cost is tied to the Secured Overnight Financing Rate but issues its capital at fixed rates. While rates decline, the company will earn on higher spreads.
6. **Potential for capital appreciation**: From an investor perspective, declining rates could also result in capital appreciation for owners of the Preference shares. As rates fall, investors will chase instruments that provide higher yields in the future.

<u>Negatives</u>

1. **High Inflation Rates Will Lead to Low Real Returns**: High inflation rates will reduce the real returns offered by the facility. The ideal investment scenario occurs at pre-pandemic inflation levels.

2. **Interest Rate Risk**: Falling interest rates would positively impact Sygnus' operations. Conversely, rising interest rates could negatively affect the valuation of preference shares and increase the cost of capital for SCI. Preference shareholders face potential losses if interest rates rise.

3. **Economic Sensitivity of Middle-Market Portfolio Companies**: SCI's portfolio mainly consists of middle-market businesses, which are more susceptible to economic downturns. Adverse macroeconomic conditions could result in higher default rates, which would impact SCI's earnings and asset quality

Sygnus Credit Investments Limited

Recommendation

We assign this investment opportunity a **MARKET PERFORM/HOLD/MARKET WEIGHT** rating based on our comprehensive analysis of Sygnus Credit Investments Limited and the features of its 15-year perpetual cumulative redeemable preference shares. These instruments provide a fixed yield offering of 10% (JMD-denominated) and 8% (USD-denominated), paid quarterly, which is competitive compared to the current average bid yields to maturity of similar instruments in the market. For Jamaican-dollar instruments, average yields are 12.3%, and for US-dollar instruments, average yields are 9.7%, though these have shorter tenors than SCI's preference shares. This yield differential positions SCI's preference shares as attractive for medium to long-term, income-focused investors.

The preference shares present a strategic opportunity to lock in attractive rates ahead of expected monetary easing by central banks, including the Bank of Jamaica. With anticipated declining policy rates, these instruments could outperform future market returns, particularly as rates fall and investors seek higher yields. Additionally, the proceeds from the raise will be strategically deployed, including repaying US$11 million in outstanding debt, financing SCI's growing private credit portfolio, and covering issuance-related expenses. These actions align with SCI's objective to scale its operations and strengthen profitability.

The 15-year tenor of SCI's preference shares introduces significant uncertainty due to potential economic volatility. While the fixed yield offers near-term certainty, long-term factors such as inflation, interest rate cycles, and economic downturns could impact real returns and reinvestment opportunities. Call risk adds to this uncertainty, as SCI can redeem the shares on specified dates, leading to reinvestment risk in a declining interest rate environment.

Recent performance indicates SCI can meet its obligations, with its Puerto Rico subsidiary generating US$5.17 million in net profits over five quarters, potentially enhancing liquidity for preference share payments. However, investors should be cautious of risks like rising inflation, which could erode returns, and the subordinated nature of preference shares, increasing risk in a default scenario. The focus on middle-market businesses also heightens vulnerabilities during an economic downturn.

Source: http://www.Jamstockex.com, JMMB Investment & Research, Bloomberg, Company Financials, Offering Term Sheet, Statistical Institute of Jamaica, Bank of Jamaica

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.

OUTPERFORM/OVERWEIGHT/BUY—EXPOSURE TO THIS ASSET SHOULD BE UP TO 10% OF YOUR TOTAL PORTFOLIO HELD AT JMMB

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

UNDERPERFORM/UNDERWEIGHT— ADJUST EXPOSURE IN YOUR PORTFOLIO HELD AT JMMB TO BETWEEN 2.5% AND 4.9% FOR THIS PARTICULAR ASSET

STRONGLY UNDERPERFORM/UNDERWEIGHT—REDUCE EXPOSURE TO THIS ASSET TO BELOW 2.5% OF YOUR TOTAL PORTFOLIO HELD AT JMMB

SELL—REDUCE EXPOSURE IN YOUR PORTFOLIO TO ZERO (0%).

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