



# UNIT TRUST FUND PERFORMANCE

**GLOBAL INCOME FUND, GLOBAL INCOME PLUS FUND,  
GLOBAL INCOME MAX FUND, CLASSIC INCOME FUND, CLASSIC  
EQUITY GROWTH FUND, CLASSIC PROPERTY FUND, GLOBAL  
EQUITY GROWTH FUND, CLASSIC PROTECTOR FUND**

Quarter ended March 31, 2020



**Wealth**  
MANAGEMENT

**UNIT TRUST**



# GLOBAL INCOME FUND

QUARTER ENDED MARCH 31, 2020

## Fund Description

The VM Wealth Global Income Fund is a United States Dollar denominated portfolio primarily comprising sovereign and corporate bonds from Caricom, USA, Canada and Europe, maturing in the short term.



### Investment Objective

The fundamental investment objective of the VMWealth Global Income Fund is to provide income and capital growth over the short term by investing primarily in USD bonds issued by sovereigns and corporates across the Caribbean, USA, Canada and Europe.



### Suitability

The VMWealth Global Income Fund is suitable for investors who have a conservative risk appetite.



### Asset Class

Fixed Income



### Benchmark

Adjusted Money Market Return

## Risk Profile



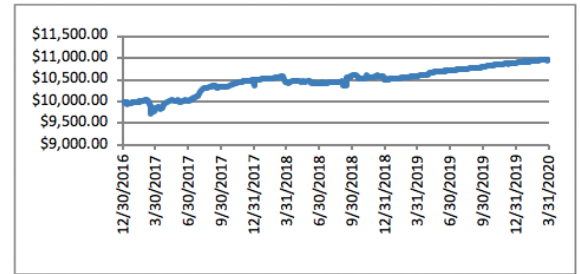
## Fund Performance

(as at March 31, 2020)

	GLOBAL INCOME	MONEY MARKET
Net Asset Value Per Share (NAVPS)	1.0717	
12-Month Growth Rate	3.52%	3.54%
Year-to-Date Growth Rate	0.57%	1.15%

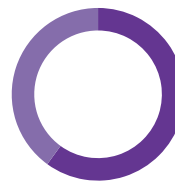
## Growth of \$10,000

### Global Income Fund | Historical Performance



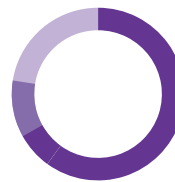
### Top 5 Holdings

Top 5 Holdings	% of Fund
AIC Barbados (Oct) 2020	17.53
NFE 2034	13.92
SJPC 2032	8.50
NCBFG 2022	7.05
AIC Barbados (May) 2020	6.96
<b>Total of Top 5 Holdings</b>	<b>45.81</b>
<b>Total Number of Holdings</b>	<b>11</b>



### Country Exposure

Industry	% of Fund
Jamaica	61.83
Barbados	38.17
<b>Total</b>	<b>100.00</b>



### Maturity Distribution

Industry	% of Fund
0 - 1 Years	61.72
1 - 3 Years	15.09
>3 Years	23.19
<b>Total</b>	<b>100.00</b>



# GLOBAL INCOME PLUS FUND

QUARTER ENDED MARCH 31, 2020

## Fund Description

The VM Wealth Global Income Plus Fund is a United States Dollar denominated portfolio primarily comprising medium term sovereign and corporate bonds from Caricom, USA, Canada and Europe.



### Investment Objective

The fundamental investment objective of the VMWealth Global Income Plus Fund is to provide capital growth over the medium term by investing primarily in USD bonds issued by sovereigns and corporates across the Caribbean, USA, Canada and Europe.



### Suitability

The VMWealth Global Income Plus Fund is suitable for investors who have a moderate risk appetite.



### Asset Class

Fixed Income



### Benchmark

JSE Caribbean Investment Grade Index

## Risk Profile



## Fund Performance

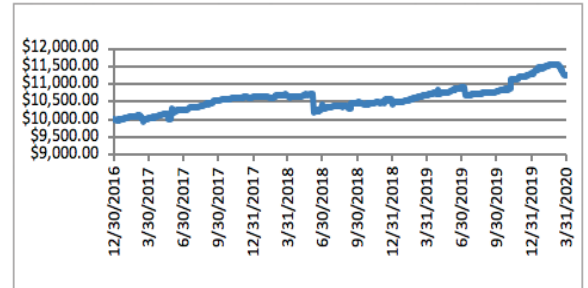
(as at March 31, 2020)

	GLOBAL INCOME PLUS	JSE CARI. IG INDEX
Net Asset Value Per Share (NAVPS)	1.0787	
12-Month Growth Rate	5.44%	-0.90%
Year-to-Date Growth Rate	-0.29%	-9.32%

## Growth of \$10,000

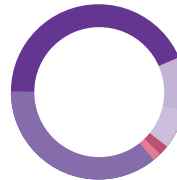
### Global Income Fund Plus

#### Historical Performance



## Top 5 Holdings

Top 5 Holdings	% of Fund
SJPC 2032	12.87
Unicomer 2024	9.10
NCBFG 2022	8.78
AIC Barbados (Oct) 2020	7.35
AIC Barbados May 2021	6.89
<b>Total of Top 5 Holdings</b>	<b>44.36</b>
<b>Total Number of Holdings</b>	<b>20</b>



## Country Exposure

Country	% of Fund
Jamaica	52.51
Barbados	20.27
Trinidad & Tobago	10.49
El Salvador	8.98
Dominican Republic	5.66
Bahamas	2.09
<b>Total</b>	<b>100.00</b>



## Maturity Distribution

Maturity	% of Fund
0 - 1 Years	38.69
1 - 5 Years	43.96
>5 Years	17.71
<b>Total</b>	<b>100.00</b>

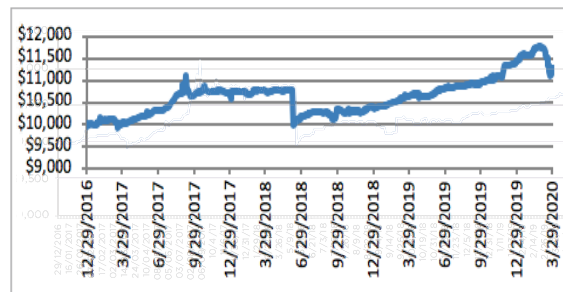


# GLOBAL INCOME MAX FUND

QUARTER ENDED MARCH 31, 2020

## Growth of \$10,000

### Global Income Max Fund Historical Performance



### Top 5 Holdings

Top 5 Holdings	% of Fund
SJPC 2032	13.39
Unicomer 2024	10.61
NCBFG 2022	10.22
Jaman 2028	10.01
Domrep 2025	8.21
<b>Total of Top 5 Holdings</b>	<b>52.42</b>
<b>Total Number of Holdings</b>	<b>23</b>

### Fund Description

The VM Wealth Global Income Max Fund is a long-term portfolio denominated in United States Dollar and primarily comprising sovereign and corporate bonds from the USA, Europe and Caricom.



### Investment Objective

The fundamental investment objective of the VMWealth Global Income Max Fund is to provide capital growth over the long term by investing primarily in USD bonds issued by sovereigns and corporates across the Caribbean, USA, Canada and Europe.



### Suitability

Investors who have an aggressive risk appetite and are looking for attractive returns over the long term should invest in this Fund.



### Asset Class

Fixed Income



### Benchmark

JSE Caribbean Investment Grade Index

### Risk Profile

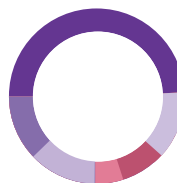


### Fund Performance

(as at March 31, 2020)

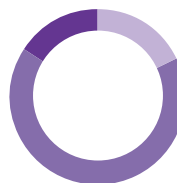
	GLOBAL INCOME MAX	JSE CARI. IG INDEX
Net Asset Value Per Share (NAVPS)	1.0871	
12-Month Growth Rate	5.84%	-0.90%
Year-to-Date Growth Rate	-1.59%	-9.32%

### Country Exposure



Country	% of Fund
Jamaica	52.69
Barbados	11.40
Trinidad & Tobago	11.28
El Salvador	10.61
Dominican Republic	8.89
Bahamas	5.18
<b>Total</b>	<b>100.00</b>

### Maturity Distribution



Maturity	% of Fund
0 - 1 Years	23.82
1 - 7 Years	55.83
>7 Years	20.35
<b>Total</b>	<b>100.00</b>

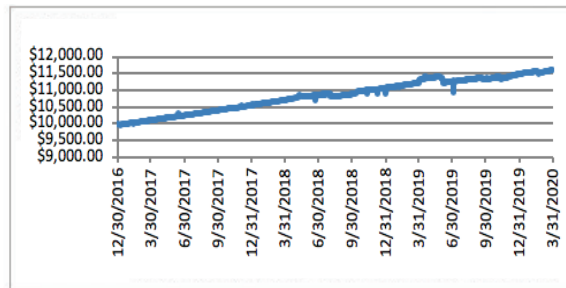


# CLASSIC INCOME FUND

QUARTER ENDED MARCH 31, 2020

## Growth of \$10,000

### Classic Income Fund Historical Performance



### Top 5 Holdings

Top 5 Holdings	% of Fund
VMIL 2023	11.25
Crissa's Ltd 2033	9.76
138 SL Inv 2026	8.53
Stewart's 2024	8.00
AICB July 2021	7.69
<b>Total of Top 5 Holdings</b>	<b>43.22</b>
<b>Total Number of Holdings</b>	<b>18</b>

### Fund Description

The VM Wealth Classic Income Fund is a JMD denominated portfolio comprising Government of Jamaica and corporate bonds.



### Investment Objective

The fundamental investment objective of the VMWealth Classic Income Fund is to provide investors with income over the short term.



### Suitability

The VMWealth Classic Income Fund is suitable for investors who have a moderate risk appetite and are concerned about security of principal.



### Asset Class

Fixed Income



### Benchmark

Treasury Bill Yield

### Risk Profile

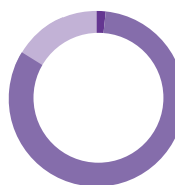


### Fund Performance

(as at March 31, 2020)

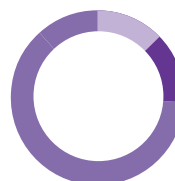
	CLASSIC INCOME FUND	TREASURY BILL YIELD
Net Asset Value Per Share (NAVPS)	1.1816	
12-Month Growth Rate	3.31%	1.80%
Year-to-Date Growth Rate	1.06%	1.80%

### Exposure



Asset Class	% of Fund
Government of Jamaica	1.23
Corporate	93.83
Cash & Equivalents	4.94
<b>Total</b>	<b>100.00</b>

### Maturity Distribution



Maturity	% of Fund
<1 Year	11.11
1 - 7 Years	78.07
>7 Years	10.82
<b>Total</b>	<b>100.00</b>



# CLASSIC EQUITY GROWTH FUND

QUARTER ENDED MARCH 31, 2020

## Fund Description

The VM Wealth Classic Equity Growth Fund is managed with the aim of providing investors with a diversified mix of equity securities of companies domiciled in Jamaica and internationally. The Portfolio Managers seek to identify and acquire investment instruments with attractive potential returns while mitigating attendant risks.



## Investment Objective

The fundamental investment objective of the VM Wealth Classic Equity Growth Fund is to provide investors with capital appreciation over the medium to long-term.



## Suitability

The VM Wealth Classic Equity Growth Fund is suitable for investors who are seeking a well-diversified portfolio of stocks to optimize medium to long-term growth and capital appreciation and are willing to accept medium to high levels of risk.



## Asset Class

Equity



## Benchmark

JSE Select Index

## Risk Profile



## Fund Performance

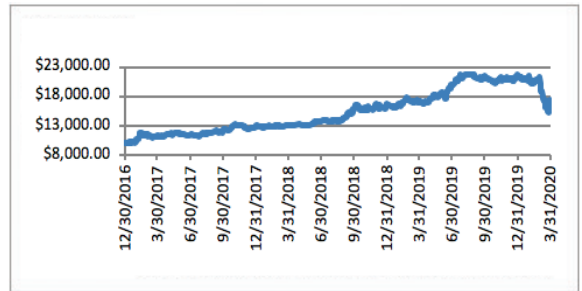
(as at March 31, 2020)

	EQUITY FUND	JSE SELECT
Net Asset Value Per Share (NAVPS)	2.0114	
12-Month Growth Rate	1.03%	0.14%
Year-to-Date Growth Rate	-19.43%	-26.28%

## Growth of \$10,000

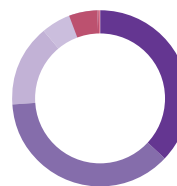
### Classic Equity Growth Fund

#### Historical Performance



## Top 5 Holdings

Top 5 Holdings	% of Fund
JMMB Group Limited	10.61
Panjam Investments Limited	10.17
NCB Financial Group Limited	8.96
Jamaica Stock Exchange	8.33
Caribbean Cement	7.03
<b>Total of Top 5 Holdings</b>	<b>45.10</b>
<b>Total Number of Holdings</b>	<b>41</b>

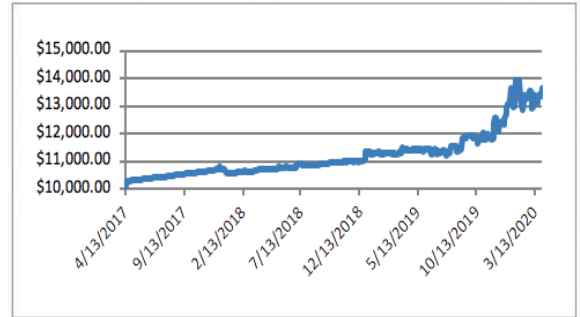


## Industry Distribution

Industry	% of Fund
Finance	45.70
Conglomerates	15.84
Manufacturing	23.10
Retail Trade	8.82
Other	6.32
Insurance	0.19
Tourism	0.03
Communication	0.00
<b>Total</b>	<b>100.00</b>



**Classic Property Fund | Historical Performance**



**Fund Allocation**

Industry	% of Fund
Real Estate	48.69
Equity	34.70
Fixed Income	12.18
Cash	2.65
Repo	1.78
<b>Total</b>	<b>100.00</b>

**Fund Description**

The VM Wealth Classic Property Fund seeks to invest primarily in real estate



**Investment Objective**

The investment objective of the VMWealth Classic Property Fund is to strategically invest in the various segments of the real estate market to maximize rental income and capital appreciation over the medium term.



**Suitability**

The VMWealth Classic Property Fund is suitable for investors who have a moderate risk appetite.



**Asset Class**

Real Estate



**Benchmark**

Inflation

**Risk Profile**



**Fund Performance**

(as at March 31, 2020)

	PROPERTY FUND	INFLATION
Net Asset Value Per Share (NAVPS)	1.3659	
12-Month Growth Rate	20.45%	6.00%
Year-to-Date Growth Rate	5.88%	5.10%



# GLOBAL EQUITY GROWTH FUND

QUARTER ENDED MARCH 31, 2020

## Fund Description

The VM Wealth Global Equity Growth Fund invests primarily in equity investments of developed markets.



### Investment Objective

The fundamental investment objective of the VMWealth Global Equity Growth Fund is to strategically invest in the equity indices of developed markets to track the performance of the broader markets, earning capital appreciation over the medium-term.



### Suitability

The VMWealth Global Equity Growth Fund is suitable for investors who are seeking a well-diversified portfolio of stocks to optimize medium to long-term growth and capital appreciation and have an aggressive risk appetite.



### Asset Class

Equity



### Benchmark

S&P 500

## Risk Profile



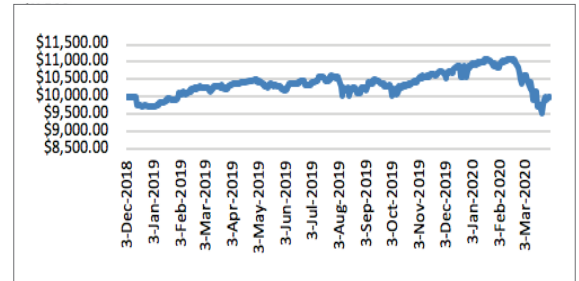
## Fund Performance

(as at March 31, 2020)

	EQUITY FUND	INFLATION
Net Asset Value Per Share (NAVPS)	0.9977	
12-Month Growth Rate	-8.11%	-8.49%
Year-to-Date Growth Rate	-2.96%	-20.00%

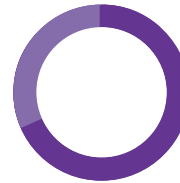
## Growth of \$10,000

### Global Equity Growth Fund Historical Performance



## Top 5 Holdings

Top 5 Holdings	% of Fund
SPDR S&P 500 ETF Trust	63.26
<b>Total of Top Holdings</b>	<b>63.26</b>
<b>Total Number of Holdings</b>	<b>1</b>



## Exposure

Asset Class	% of Holdings
Equities	63.26
Cash & Cash Equivalents	36.74
<b>Total</b>	<b>100.00</b>



# CLASSIC PROTECTOR FUND

QUARTER ENDED MARCH 31, 2020

## Fund Description

The VM Wealth Classic Protector Fund invests primarily in short-term money market securities.



### Investment Objective

The fundamental investment objective of the VM Wealth Classic Protector Fund is to invest in short-term liquid securities towards minimizing the risk of capital loss.



### Suitability

The VM Wealth Classic Protector Fund is suitable for investors who have a low risk appetite and are concerned about preservation of principal.



### Asset Class

Fixed Income



### Benchmark

6-month Weighted Average Treasury Bill

## Risk Profile



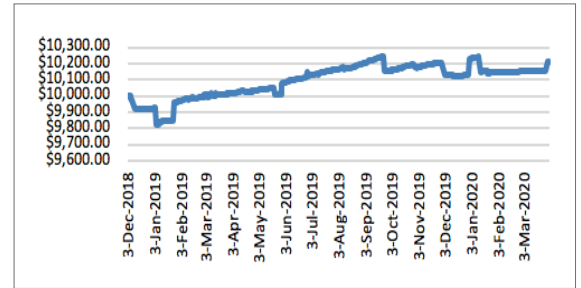
## Fund Performance

(as at March 31, 2020)

	PROTECTOR	6M WATBY
Net Asset Value Per Share (NAVPS)	1.0207	
12-Month Growth Rate	1.93%	1.80%
Year-to-date Growth Rate	-020%	1.80%

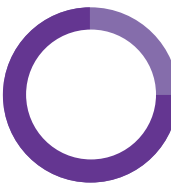
## Growth of \$10,000

### Classic Protector Fund Historical Performance



## Top Holdings

Top Holdings	% of Fund
VMIL 2020	49.63
Carilend 2021	18.61
Carilend 2022	6.54
<b>Total of Top Holdings</b>	<b>74.77</b>
<b>Total Number of Holdings</b>	<b>3</b>



## Exposure

Asset Class	% of Fund
Corporate	74.77
Cash & Equivalents	25.23
<b>Total</b>	<b>100.00</b>



## Maturity Distribution

Maturity	% of Fund
<=1 Year	93.46
>1 Year	6.54
<b>Total</b>	<b>100.00</b>

## Fund Commentary

### Global Income Fund

The NAV per share on this portfolio as at March 31, 2020 was \$1.0717, up by \$0.0061 or 0.57% for the quarter. The strategy of increasing exposure to locally arranged corporate bonds has served the portfolio well, especially during the unfolding economic and financial crisis of the last quarter. This benefited the fund by reducing the volatility that usually accompanies global bonds, as we saw during the widespread sell off that occurred. Emerging market bonds suffered heavy losses in March once the Covid -19 cases started appearing in the U.S. and other developing nations.

### Global Income Plus Fund

The NAV per share on this portfolio as at March 31, 2020 was \$1.0787, down by \$0.0031 or -0.29% for the quarter. The decline in the fund was due to the declines experienced by emerging market bonds because of Covid-19. Countries around the world restricted the movement of people which negatively impacted trade and commerce. The final economic impact is yet to be ascertained, however we believe that this crisis will offer opportunities as has been the case in past. The portfolio does have the liquidity to take advantage of these opportunities and which should result in an improvement in subsequent quarters.

### Global Income Max Fund

The NAV per share on this portfolio as at March 31, 2020 was \$1.0871, down by \$0.0175 or 1.59% for the quarter. The decline in the fund was due to the declines experienced by emerging market bonds because of Covid-19. Countries around the world restricted the movement of people which negatively impacted trade and commerce. The final economic impact is yet to be ascertained, however we believe that this crisis will offer opportunities as has been the case in past. The fund has been able to withstand the major declines experienced by global bonds by taking positions in locally issued corporate bonds

### Classic Income Fund

The NAV per share on this portfolio as at March 31, 2020 was \$1.1816, up \$0.0123 or 1.06% for the quarter. With the bulk of this portfolio invested in high coupon corporate bonds, the income generated was positive and resulted in a positive movement in the value of the fund's units.

### Classic Equity Growth Fund

The NAV per share on this portfolio as at March 31, 2020

was \$2.0114, down \$0.4851 or -19.43% for the quarter. For the quarter, the JSE Index declined by 26.28%, significantly more than the decline of the Equity Fund. This was due to the fact that the fund has positions in fixed income instruments which have proved useful during this tumultuous period. We will be looking for opportunities to take positions in the market over the coming quarters as economies restart after the crisis ends.

### Classic Property Fund

The NAV per share on this portfolio as at March 31, 2020 was \$1.3659, up \$0.0758 or 5.88% for the quarter. The Fund would have benefited from revaluation of properties at the start of the quarter. We are looking at several opportunities which should further drive the performance of the fund for the rest of this year and beyond. We are also mindful of the dislocations caused by Covid-19 in the economy so we continue to be vigilant and proactive in managing the risks associated with our property holdings.

### Global Equity Growth Fund

The NAV per share on this portfolio as at March 31, 2020 was \$0.9977, up by \$0.088 or -8.11% for the quarter. The International Equity Fund is strategically invested in the SPY ETF that tracks the S&P 500 large cap index. The S&P 500 declined 20% during the quarter however the fund's other holdings were able to offset the full impact of that decline. The fund is liquid and will be looking to take advantage of opportunities in the market over the course of the next quarter, which should result in an improved performance.

### Classic Protector Fund

The NAV per share on this portfolio as at March 31, 2020 was \$1.0207, up \$0.0021 or -0.20% for the quarter. This fund was impacted by a slight decline in asset prices during the quarter however we expect it to rebound in coming quarters. There is liquidity in the fund which will be deployed to boost returns in the near term.

## Economic Commentary

Coming out of a successful 2019, 2020 started with much promise. We started the year with moderate expectations. Having enjoyed a bull market in most asset classes for several years, at least five (5) in Jamaica, we were expecting a moderation during this year, but still with positive returns anticipated. In the early part of the quarter as the Novel Coronavirus emerged in the city of Wuhan, China and began spreading worldwide, we had to modify our expectations.

As a background, COVID-19 emerged in late December 2019 and was declared a Pandemic by the World Health Organization (WHO) on March 11, 2020 and has caused widespread disruption to the health care system, retail shopping, travel, tourism, capital markets and to life as we know it. Many countries have taken drastic measures to contain the virus and its spread amongst its populations and Jamaica was no exception. In fact, Jamaica was one of the more proactive in its response and measures implemented to contain the spread.

The rate of contagion for COVID-19 remains elevated, reaching 858,361 and 42,309 deaths as at March 31, 2020 total cases globally, and climbing. In Jamaica, the official total number of cases had reached 38 as at the same date and also continued to climb.

The capital markets have taken and continue to take a significant hit. The stock market, which was already softening from its 5-year bull run since 2015, declined 25.63% during the quarter. Blue-chip stocks such as NCBFG, PJAM and GK were down 24.10%, 23.18% and 15.68% respectively. Although the market had been gradually declining since September 2019, mainly as a result of investor profit-taking, it began to nose-dive towards the end of February as the COVID pandemic began to take hold and expectations, or rather an uncertainty surrounding a possible recession, began to emerge. Overseas, the S&P 500 declined 19.40% in the quarter to 2,447.3, having reached a low of 2,237.4 on March 23.

Regional sovereign bonds have not been spared as much of the region is dependent on the Tourism Sector for foreign exchange income. Jamaica, with Tourism and travel directly contributing roughly 20% to overall GDP, saw its sovereign bonds maturing in 2028 decline 11.4%, with its yield rising from 4.04% to 5.92%. Other regional

sovereigns, such as Barbados, the Bahamas and Aruba, for which tourism accounts for 40%, 60% and 89% of their GDP respectively have seen price declines of 10.00%, 20.13% and 5.03% respectively.

Oil prices have also fallen to lows this year on the back of the largest increase in crude oil inventories and a steady approach to full capacity at storage facilities. In early March, Russia refused to sign onto an OPEC plan to cut production aimed at putting a floor under falling oil prices due to the coronavirus outbreak. This sparked further collapse in oil prices to around US\$20 per barrel. This is expected to compound the negative impact on oil exporting countries, particularly in Latin America, such as Trinidad and Guyana.

### Economic Response

As a result of the COVID-19 outbreak, many governments and Central Banks are implementing measures to cushion their respective economies from the economic shock of the virus.

On March 3, the US Federal Reserve conducted its first rate cut of the year by 50bps to a target range of 1% - 1.25% in a preemptive response to the possibility of a slowdown in the global economy. In an emergency move on March 15, the Fed cut key interest rates, including its benchmark Fed Funds rate by a further 100 bps to 0%-0.25%. It also increased its Quantitative Easing efforts, lowered the rate of emergency lending at the discount window for banks to 0.25% and lengthened the term of loans to 90 days.

The Bank of Canada, on March 4, lowered its target overnight rate by 50bps to 1.25% resulting in the Bank Rate correspondingly lowering to 1.5% and the deposit rate to 1%. The Bank of England also cut its key interest rate by 50 bps to 0.25% and the Finance Minister Rishi Sunak announced a £30 billion stimulus package to people, small businesses, the health service and liquidity for other spending. The European Central Bank (ECB) announced the expansion of its Quantitative Easing Programme.

Locally, during the budget presentation, in a pre-emptive response, the finance minister presented a fiscal stimulus package that included tax rate reductions, accelerated down payment of debt principal and additional IPOs of public companies to further consolidate the fiscal accounts. Since March 10, when the Ministry of Health and

Wellness announced its first imported case of COVID-19 into Jamaica, the government implemented other fiscal measures including a \$2 billion advance to adequately prepare for the outbreak and a \$7 billion contingency budget.

### **Continued Impact**

COVID-19 is expected to weaken global demand, resulting in lower oil prices, disruption in supply chains and reduction in travel and tourism forecasts. Through scenario analysis, a recession is now likely both locally and globally given the effect of this disease on restriction of movements and “sheltering-in-place” worldwide. In a worst-case scenario, real growth in Jamaica could be as low as a contraction of more than 5% this year and markets are expected to continue to decline as business and consumption slows worldwide as countries take the difficult decisions needed to stem the spread of the virus.

Most major asset classes are expected to continue to see downward pressure and heightened volatility as major funds and investors shift towards safer, shorter-dated investments and cash.



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