



**JMMB Investments (T&T) LIMITED**  
**169 Tragarete Road**  
**Port Of Spain**  
**Tel: 1 ( 868 ) 224-5662, 224-5663, 224-5664, 627-1155**  
**Fax:1 (868) 224-5666**

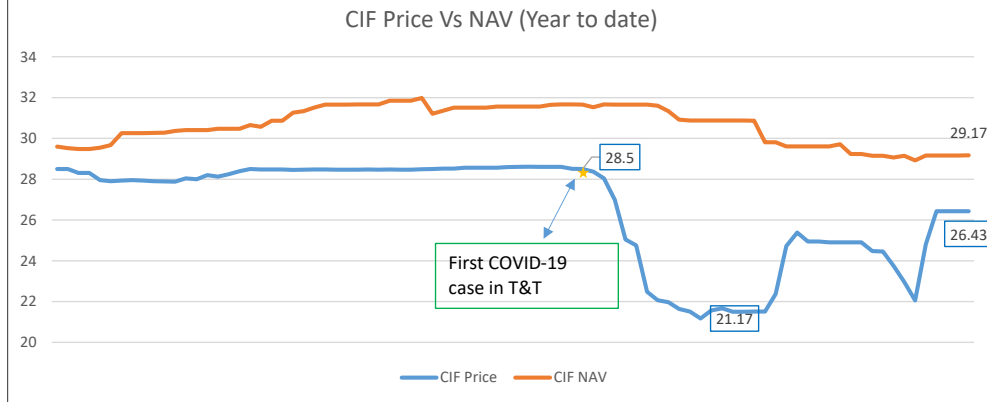
A MEMBER OF THE **JMMB** GROUP      **Email: jmmbinvestmentsttresearch@jmmb.com**

May 2020  
 David Paul  
 Investment Analyst  
 David\_Paul@jmmb.com

**What Impact Will The RFHL's Dividend Cut Have On CIF ?**

RFHL's Financial Summary	Half Year Ended 31-Mar-20	Half Year Ended 31-Mar-19	\$ change	% change
<b><u>Income Statement Extract</u></b>				
	TT\$'000	TT\$'000	TT\$'000	
Profit after Tax	608,709	829,950	(221,241) ↓	-26.7%
Earnings per share	3.34	4.83	(1.49) ↓	-30.8%
Dividend per share (in \$ per share)	\$ 3.85	\$ 4.40	(0.55) ↓	-12.5%
<b><u>Balance Sheet Extract</u></b>				
Total Assets	98,443,050	83,463,199	14,979,851 ↑	17.9%
Total Liabilities	87,173,140	72,844,879	14,328,261 ↑	19.7%
Shareholder's Equity	11,269,910	10,618,320	651,590 ↑	6.1%
<b><u>Cash Flows Extract</u></b>				
Net cash from operating activities	1,396,261	1,081,017	315,244 ↑	29.2%
Net cash from investing activities	5,079,168	1,902,736	3,176,432 ↑	166.9%
Net cash used in financing activities	(2,862,348)	699,430	(3,561,778) ↓	-509.2%
Cash and cash equivalents	16,317,123	11,482,937	4,834,186 ↑	42.1%
<b><u>Metrics</u></b>				
Book Value Per Share	63.08	59.88	3.20 ↑	5.3%
Market Price	141.49	119.00	22.49 ↑	18.9%
Market to Book Ratio	2.24	1.99	0.26 ↑	13%

**Note: Green arrows indicate growth while red indicate contractions**



# Quarterly Update

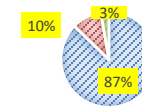


Valuation	
Current Price	TT\$26.43
Trailing P/E Multiple	4.69x
Net Asset Value	TT\$29.17
JMMB New Target Price	TT\$29.63
Dividend Yield	3.9%

In Clico Investment Fund (CIF) Audited Financial Statements for year ended December 31st 2019, Republic Financial holdings (RFHL) shares accounted for ~87.2% of total assets in the fund, the GORTT 2037 Bond accounted for ~10.1% and the remainder of assets in the fund comprise interest receivables and liquid assets. Given the high level of concentration of RFHL shares in CIF, it is likely that any change in the fair value of RFHL shares will likely affect the fair value of CIF.

## CIF ASSET COMPOSITION

- RFHL Shares
- GORTT 2037 Bond
- Other



CIF utilises the dividend it receives from RFHL and the coupon payments it receives from the GORTT 2037 Bond to pay dividend to its unit holders. Hence, a cut in RFHL's Dividend will likely affect distributions to CIF unitholders.

RFHL's President stated that until the full repercussions are clearer, and to preserve the capital available to the Group, the Board of Directors has declared a reduced interim dividend of \$0.60 (2019: \$1.25) per share payable on June 5, 2020.

### Outlook:

JMMB research department on October 25th, 2020, issued a **OUTPERFORM** rating on CIF with a price target of \$29.11 and update our price target to \$31.65 in a release on March 23rd, 2020. When the first COVID-19 case was confirmed in T&T, CIF was trading as high as \$28.50. The price has since declined to as low as \$21.17, but has since rebounded to \$26.43. At a price of \$26.43, CIF is trading at a 9.4% discount to its net asset value.

Despite the cut in RFHL's dividend (which we think will lead to a cut in CIF's dividend) we maintain our rating on CIF at **OUTPERFORM (BUY)** but we decrease our target price to \$29.63. The decrease in the target price is based on the cut in dividend (which we expect will be temporary) and increases in risk premiums due to COVID-19.

On March 23rd, 2020, the JMMB reserch team performed a stress test on CIF's share price given a 10%, 20% and 30% fall in earnings in 2020. JMMB's new target price reflects an ~20% plus fall in full year

	Fair Value Under Stress Testing- Short Term fall in 2020 earnings		
	(10% fall in Earnings)	(20% fall in Earnings)	(30% fall in Earnings)
CIF	\$ 30.96	\$ 30.27	\$ 29.20