REPORT FOR THE FOURTH QUARTER AND FINANCIAL YEAR ENDED SEPTEMBER 2020

QWI INVESTMENTS

Building Wealth for our Investors

Report of Directors

QWI Investments (QWI) has completed its first anniversary and a successful year, since its Initial Public Offering (IPO) and listing on the Jamaica Stock Exchange (JSE). Much has changed in the global and local economy.

Jamaica has had to grapple with the impact of the COVID-19 pandemic, which has resulted in a sharp decline in the economy, and expectations are that the downturn will continue for a while longer. In March, the country identified the first cases of the virus and measures, including closing the borders, were put in place to contain it. This resulted in major dislocation for a period that negatively impacted the local stock market.

Global markets were affected similarly but some sectors are recovering at a faster pace than the local market overall. Initially, QWI's overseas investments were negatively affected however, the overseas portfolio subsequently recovered and the fiscal year ended with an increase above the initial investment.

The general election, another major event, was successfully held in September and was, for the most part, incident free. So far, the election seems to have had little impact on investor confidence.

Statement of Financial Position

YEAR TO DATE

The Company ended the year with equity capital of $1.42 billion, down from $1.87 billion at the end of September 2019, as a result of losses incurred during the year.

At the end of the quarter, the Company held almost US$3 million in equities listed in the USA and Trinidad and Tobago, including positions in several leading information technology and drug companies, retailers, defence contractors and payment processors.

QWI holds investments in local and overseas stocks amounting to $1.63 billion, of which 74.4 percent of the Investment Portfolio are in stocks listed on the Jamaican market and the vast majority of the balance invested in the US market.

The Company utilised a limited amount of borrowed funds in our investment activities. At the end of the period, borrowings amounted to $199 million compared with $186 million in September 2019.

FOURTH QUARTER

During the Company's fourth quarter, equities markets globally continued to recover from the steep declines and high volatility experienced in the second quarter, as economic activity, previously curtailed due to the Coronavirus outbreak, resumed in Jamaica and the USA.

During the same quarter, the main JSE Index declined by 0.9 percent and the Junior Market index by 1.4 percent.

Overseas markets improved with the S&P 500 index increasing by 8.4 percent in the USA and the MSCI World Index, QWI's benchmark index, increasing by 7.2 percent. A lot of the gains in the global market flowed from increases in technology stocks.

Financial Results

FOURTH QUARTER

For the fourth quarter, your Company recorded profit before tax of almost $9 million, a sharp decline from the $216 million reported in the September 2019 quarter. The Company's profits mainly emanated from gains of $30 million on our overseas share portfolios and some dividend income.

YEAR TO DATE

For the year to date, your Company recorded a loss before tax of $531 million, due primarily to losses on the Jamaican portfolio of $524 million and $43 million in gains on the overseas portfolios. Dividend income earned for the year amounted to $20 million, offset by operating expenses.

MAIN EXPENSES

The Company's main expenses, during the fourth quarter and the year, were management fees paid to Jamaican Teas and interest expense on the Company's borrowings. Added to these expenses was a foreign exchange translation loss in the quarter of almost $12 million.

Investment decisions are overseen by the members of QWI's investment committee who are paid an incentive fee, based on the performance of the Company. During the year, no investment fees were incurred.

Earnings per share fell from 30 cents in 2019 to 1 cent.

FALL IN JSE MARKET

While the Jamaican equity values declined sharply during the financial year, stocks in the financial sector collectively suffered more than the other sectors with the JSE financial sector index falling from 142.78 points to 99.48 points, or 30 percent at 21 October, while the main JSE index had a lower decline of 24 percent over the period. The financial sector has the heaviest weight in both our portfolio and the JSE index, hence the sharper fall in that sector would have had a greater impact on the portfolio and other areas of investment. The fall in the financial sector stocks was due mainly to two factors - increased provisions made for expected credit losses and the suspension of dividend payments by some banks.

Since September 2019, the main Jamaica Stock Exchange index has declined by 26.2 percent and QWI's NAV per share declined by 24 percent.

INVESTMENT PORTFOLIO

The Company's portfolio is currently largely weighted towards the JSE, which the Directors believe will provide attractive investment returns as the Jamaican economy strengthens.

Top 10 Listed Holdings

As at September 2020, the top 10 listed holdings in the JSE are as follow:

Holdings	Shares held	Value - J$
Access Financial Services Ltd	8,500,000	228,182,500
Grace Kennedy & Co Ltd	2,006,550	116,369,867
General Accident Insurance Company	15,032,119	97,708,774
Scotia Group Jamaica Ltd	1,647,182	82,186,146
Seprod Limited	1,453,053	81,211,132
JMMB Group Ltd	2,039,336	65,105,802
NCB Financial Group Ltd	491,672	64,286,114
MailPac Group Ltd	30,111,643	63,083,892
Jamaica Producers Group	2,337,990	49,039,340
Caribbean Cement Company Ltd	945,171	47,022,257

The Company's 10 largest JSE listed holdings represent seventy-four percent of our local quoted investments.

As at September 2020, the top 10 USA listed holdings in which we are building positions are listed below:

Holdings	Shares held	Value - US$
Adobe Inc	300	147,129
United Rentals Inc	800	139,600
The Home Depot Inc.	500	138,855
Nvidia Corporation	250	135,305
Amazon.com Inc	40	125,949
Lockheed Martin Corp	300	114,984
Mastercard Inc	315	106,523
Dollar General Corporation	500	104,810
Facebook Inc	400	104,760
Netflix Inc	200	100,006

The Company's 10 largest USA listed holdings represent forty-one percent of our overseas quoted investments.

In addition the Company continues to hold other USA listed securities for short term trading purposes.

Outlook

The Company's portfolio is reviewed on an on-going basis with changes effected by addition or disposal of investments as the investment committee sees fit. Subsequent to year end, stock markets have shown mixed trends. In Jamaica, the worsening COVID situation, jitters in the tourism sector and the ability of the banking sector to recover from customers' inability to service their loans are creating uncertainty.

Globally, the markets are being driven by headlines and over the short term will continue to be impacted by the US presidential elections, the progress of coronavirus vaccines and stimulus deals.

While we cannot say with any degree of certainty, it appears that the markets will continue to fluctuate until year end but there are signs that our holdings will perform well over the current fiscal year. Locally, we are already seeing a number of companies, in which we have holdings, reporting good results. This has been enthusiastically welcomed by investors as evidenced by increased shares prices.

Another positive is the fact that a number of companies are raising fresh capital and others plan to go to the market later in the year. This demonstrates that investor confidence is still strong.

Over the long term, many securities' prices will be heavily influenced by the continuing economic impact of COVID-19, and the ability of countries to recover from the current disruption to business.

At the Company's Annual General Meeting (AGM) in July, Directors had told shareholders that an Extraordinary General Meeting (EGM) would be held to consider the issue of share buy-back. However, having subsequently discussed the subject, Directors have decided to deal with the matter at the AGM to be held in 2021.

Yours Truly

John Jackson
Chairman

John Mahfood
Director

21 October 2020

Unaudited Statement of Financial Position

AS AT 30 SEPTEMBER 2020

	Note	September 2020 Unaudited	June 2020 Unaudited	September 2019 Audited
Quoted investments - local	3	1,211,575,675	1,133,017,397	1,363,147,675
Quoted investments - overseas	3	417,444,902	265,296,836	0
Receivables	4	880,772	84,505,656	1,195,251,919
Cash and bank		1,044,753	10,823,889	156,077
Total Assets		1,630,946,102	1,493,643,778	2,558,555,671
Payables and accruals		12,378,065	7,484,920	367,835,066
Deferred tax		0	0	81,515,871
Bank overdraft	7	0	0	49,714,743
Margin and other loans	6	199,818,935	75,494,712	186,274,851
Total Liabilities		212,197,000	82,979,632	687,340,531
Net Assets		$1,418,749,102	1,410,664,146	$1,871,215,140
Share capital	9	1,623,112,948	1,623,112,948	1,622,613,930
Retained earnings		(204,363,846)	(212,448,802)	248,601,210
Total Equity		$1,418,749,102	1,410,664,146	$1,871,215,140

These financial statements were approved for issue by the Board of Directors on 21 October 2020 and signed on its behalf by:

John Jackson
Director

John Mahfood
Director

Unaudited Statement of Profit or Loss

FOR THE PERIOD ENDED 30 SEPTEMBER 2020

	Quarter ended September 2020	Quarter ended September 2019	Year ended September 2020	Period ended September 2019
Gains/ (Losses) from investments	31,049,560	256,115,290	(490,808,559)	389,502,394
Unrealised currency (loss)	(11,557,011)	0	(3,298,825)	0
Dividend and interest income	5,081,438	3,260,093	24,823,446	4,990,384
	24,573,987	259,375,384	(469,283,938)	394,492,778
Administrative and other expenses	10,151,195	33,670,530	41,881,048	51,074,474
Interest expense	5,495,465	9,507,882	19,621,177	12,552,665
Profit/(Loss) before taxation	8,927,327	216,196,972	(530,786,163)	330,865,639
Taxation (Charge)/ credit	(842,371)	(79,742,823)	77,821,107	(82,264,429)
Profit/ (Loss) for the period being total comprehensive income	$8,084,956	136,454,149	(452,965,056)	248,601,210
Basic Earnings/(Loss) per share	0.01	0.30	(0.33)	0.55

Unaudited Statement of Cash Flows

FOR THE PERIOD ENDED 30 SEPTEMBER 2020

	Quarter ended September 2020	Quarter ended September 2019	Year ended September 2020	Period ended September 2019 (Audited)
Profit/(Loss) after tax	8,084,956	136,454,149	(452,965,056)	248,601,210
Taxation	842,371	79,742,823	(77,821,107)	82,264,429
Net unrealised investment (gains)/losses	(17,451,978)	(249,952,433)	517,489,046	(376,243,456)
Share capital	0	1,155,613,915	0	1,622,613,930
Current liabilities/loans	129,217,368	402,815,121	(342,912,917)	235,989,594
	120,692,717	1,524,673,575	(356,210,034)	1,813,225,707
Overdraft		49,714,743	(49,714,743)	
Net Sales/(Purchases) of Quoted Investments	(213,254,366)	(378,896,733)	(785,640,281)	(973,645,281)
Taxation paid	(842,371)	(489,014)	(3,694,765)	(748,558)
Receivables less other	83,624,884	(1,195,251,919)	1,194,371,147	(838,675,791)
	(130,471,853)	(1,524,922,923)	(355,321,358)	(1,813,069,630)
(Decrease)/Increase in cash and bank balances	(9,779,136)	(249,348)	888,676	156,077
Overdraft)/bank balances- beginning of period	10,823,889	405,425	156,077	0
Bank balance- end of period	$1,044,753	156,077	1,044,753	156,077

Unaudited Statement of Changes in Equity

FOR THE PERIOD ENDED 30 SEPTEMBER 2020

	Share Capital	Retained Earnings	Total
Total equity as at 1 January 2019	0	0	0
Issue of shares	1,622,613,930	-	1,622,613,930
Total comprehensive income	0	248,601,210	248,601,210
Total equity at 30 September 2019	$1,622,613,930	248,601,210	1,871,215,140

Total equity at 30 September 2019	1,622,613,930	248,601,210	1,871,215,140
Adjustment to IPO expenses	499,018		499,018
Total comprehensive (loss)		(452,965,056)	(452,965,056)
Total equity at 30 September 2020	$ 1,623,112,948	(204,363,846)	1,418,749,102

Notes to the Financial Statements

1. Identification

QWI Investments Limited (the Company) was incorporated on 18 December 2018. The Company is domiciled in Jamaica. Its registered office is situated at 2 Bell Road, Kingston 11, Jamaica W.I. The Company is listed on the Jamaica Stock Exchange.

As at 30 September 2020, the Company was 35.28 percent (2019- 34.0%) owned by member companies of the Jamaican Teas Limited Group of Companies.

The principal activity is holding and managing investments in quoted securities. The Company's affairs are administered by Jamaican Teas Limited pursuant to a long-term Administration Services Agreement. The Company's income for the period was mainly realised and unrealised gains from investment activities.

2. Basis of Preparation

The financial statements are prepared in compliance with International Financial Reporting Standards, the provisions of the Jamaican Companies Act and the accounting policies as more fully described in the Companies audited financial statements ended 30 September 2019.

3. Investments

All investments comprise quoted equities valued at fair value through the profit and loss account (FVTPL).

4. Accounts Receivable

Accounts receivable at 30 September 2019 represents the proceeds from the Initial Public Offering (IPO) undertaken by the Company in September 2019 and not received at 30 September 2019. This receivable was collected in full in October 2019.

5. Investment activities

Investment activities during the quarter and twelve months ended 30 September 2020 comprised:

	Fourth quarter	Year to date
Realised (losses) - Jamaica	(3,138,044)	(10,890,887)
Realised gains - Overseas	13,181,889	37,571,374
Unrealised gains/(losses) - Jamaica	3,553,737	(523,602,816)
Unrealised (losses) - Overseas	17,451,978	6,113,770
Total	$31,049,560	(490,808,559)

Notes to the Financial Statements

6. Overdraft

As at 30 September 2020, the Company's assets were charged in the sum of $118,007,982 in favour of Bank of Nova Scotia Jamaica Limited. The assets charged, comprised listed shares owned by the Company and were pledged to secure an overdraft facility of $50,000,000 at an interest rate of 8.5% per annum. No amounts were outstanding under this overdraft facility as at 30 September 2020.

7. Taxation

Taxation for the twelve months to 30 September 2020 comprises:

Income tax withheld at source on dividend income	3,694,765
Deferred taxation	(81,515,872)
Total	$(77,821,107)

8. Share Capital

Authorised: Unlimited ordinary shares at no par value

9. Net Assets per share

The net assets per share as at 30 September 2020 were $1.04 (30 September 2019-$1.37) and this was derived by dividing the net assets of the company of $1,417,854,895 (2019 - $1,871,315,139) by the 1,365,000,015 shares issued and outstanding as at 30 September 2020 (2019 - 1,365,000,015).

10. Earnings per share

The earnings per share for the reporting periods were computed using the weighted average number of issued shares of 1,365,000,015 shares (2019- 459,836,956).

Building Wealth for our Investors

2 Bell Road, Kingston 11
T: 876-656-9491 | F: 876-764-8015

www.qwiinvestments.com