

**REPORT FOR THE FIRST QUARTER  
ENDED DECEMBER 2020**



*Building Wealth for our Investors*

## Report of Directors'

The Directors of QWI Investments Limited (QWI) are pleased to report the results of your Company for the quarter ended 31 December 2020.

### MARKET BACKDROP

Market conditions during the quarter were favourable as illustrated by the movement in the market indices of the main markets in which QWI participates:

	JSE Index	Junior Index	S & P 500	MSCI ACWI
At 30 September 2020	380,426	2,556	3,579	565
At 31 December 2020	395,615	2,643	3,756	646
Percentage Change	4.0	3.4	4.9	14.3



### RESULTS

For the first quarter, QWI reported a profit before tax of \$116 million compared with a loss of \$121 million in the year ago quarter. QWI's Net Asset Value (NAV) per share increased 6.5 percent from \$1.08 at 30 September 2020 to \$1.15 at 31 December 2020 (2019 - \$1.30).

During this quarter, the Company took advantage of the favourable conditions in the USA and realized gains of \$34.5 million. The US portfolio produced an additional \$33 million of unrealized gains and the Jamaican portfolio produced \$64 million of unrealized gains. The total investment gain for the quarter was \$132 million, which represents a \$224 million swing from the \$92 million of net unrealized losses in the year ago period.

The performance of the Company's US investment portfolio was a notable strength in this quarter and produced a total return in US dollars of 22.1 percent, which was far better than the movements in either the S&P 500 or the MSCI World Index, QWI's main benchmark.

Unrealized exchange losses totalled almost \$11 million versus \$21 million a year ago. Administration costs were little changed at almost \$11 million.



**QWI INVESTMENTS LIMITED**  
**REPORT FOR THE FIRST QUARTER**  
**ENDED 31 December 2020**

This quarter, the Company recognized a deferred tax charge of \$22.5 million versus a deferred tax credit of \$27.7 million a year ago. (Please see Note 6 to the Financial Statements).

QWI's total investments in local and overseas stocks amounted to \$1.78 billion at the end of the quarter, of which 73.1 percent of the Investment Portfolio is in stocks listed on the Jamaican market. The vast majority of the balance is invested in the US market.

The Company continued to utilize a limited amount of borrowed funds in its investment activities. At the end of the period, borrowings amounted to \$224 million compared with \$195 million in September 2020.

## Statement of Financial Position

The Company ended the quarter with equity capital of \$1.56 billion, up from \$1.47 billion at the end of September 2020, as a result of the unrealized and realized gains reported during the quarter.

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

## Top 10 Listed Holdings

As of December 2020, QWI's Top 10 listed holdings in the Jamaican and US markets are as noted below.

The Company's 10 largest JSE holdings represent 71 percent of our local quoted investments and the 10 largest US holdings represent 41 percent of our overseas quoted investments.

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

Holdings	Shares held	Value - J\$
Access Financial Services Ltd	8,500,000	201,620,000
Grace Kennedy & Co Ltd	1,899,546	122,045,831
General Accident Insurance Co. Ltd	15,032,119	92,973,656
MailPac Group Ltd	30,111,643	86,570,974
JMMB Group Ltd	2,416,182	82,089,783
Seprod Ltd	1,153,053	74,383,449
Scotia Group Jamaica Ltd	1,647,182	73,447,845
NCB Financial Group Ltd	489,672	70,635,186
Jamaican Teas Ltd	33,888,470	66,590,844
Caribbean Cement Company Ltd	1,000,000	62,300,000

Holdings	Shares held	Value - US\$
Adobe Inc	300	150,036
Thermo Fisher Inc	300	139,734
Netflix Inc	250	135,182
Home Depot	500	132,810
Apple Inc	500	132,690
Nvidia Corp	250	130,550
Amazon.com Inc	40	130,277
IBM Corp	100	125,880
Alphabet Inc	70	122,684
Mastercard Inc	315	112,436

## Outlook

The Company's portfolio is reviewed on an ongoing basis with changes effected by the addition or disposal of investments as the Investment Committee believes will be advantageous to QWI. Subsequent to year end, stock markets have, in general, shown favourable trends. In Jamaica, the continued reopening of the tourism sector is encouraging.

Globally, the markets continue to be driven by headlines relating to the COVID-19 pandemic, progress in the distribution of the vaccines, and political developments surrounding the inauguration of a new US President and the economic stimulus deals that may follow.

While we cannot say with any degree of certainty, there are signs that our holdings will perform well

over the current fiscal year. Locally, we are already seeing a number of companies reporting good results and raising additional share capital.

Over the long term, the prices of many securities 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 2020, Directors had told shareholders that an Extraordinary General Meeting (EGM) would be held to consider the issue of share buyback. However, having subsequently discussed the subject, Directors decided to deal with the matter at the AGM to be held in March 2021.

We look forward to seeing you at the meeting.



**John Jackson**  
Chairman



**John Mahfood**  
Director


25 January 2021



## Unaudited Statement of Financial Position

	2020	December 2019	(Audited) September 2020
Quoted Investments - local	1,298,818,756	1,674,377,646	1,211,575,675
Quoted Investments - overseas	475,818,728	266,078,602	417,444,902
Deferred tax	32,240,025	-	54,819,710
Due from brokers and receivables	183,914	116,150,681	1,091,278
Cash and bank	<u>1,857,820</u>	<u>18,484,290</u>	<u>1,044,754</u>
<b>Total assets</b>	<b><u>1,808,919,243</u></b>	<b><u>2,075,091,219</u></b>	<b><u>1,685,976,319</u></b>
Current liabilities and accruals	15,055,584	9,676,507	13,208,865
Deferred tax	-	53,855,166	-
Margin loans	<u>224,370,254</u>	<u>234,324,845</u>	<u>195,376,836</u>
<b>Total liabilities</b>	<b><u>239,425,838</u></b>	<b><u>297,856,518</u></b>	<b><u>208,585,701</u></b>
<b>Net assets</b>	<b><u>\$1,569,493,405</u></b>	<b><u>1,777,234,701</u></b>	<b><u>1,477,390,618</u></b>
Share capital	1,623,476,540	1,623,112,948	1,623,112,948
Retained earnings	<u>(53,983,135)</u>	<u>154,121,753</u>	<u>(145,722,330)</u>
<b>Total equity</b>	<b><u>\$1,569,493,405</u></b>	<b><u>1,777,234,701</u></b>	<b><u>1,477,390,618</u></b>

These financial statements were approved for issue by the Board of Directors on 25 January 2021 and signed on its behalf by:

  
 John Jackson  
 Chairman

  
 John Mahfood  
 Chief Executive Officer/Director



## Unaudited Statement of Profit or Loss

	Quarter Ended December		Year Ended September
	2020	2019	2020
Gains (Losses) from investments	132,429,084	(92,596,752)	(486,986,615)
Unrealized currency (loss)	(10,733,875)	(21,195,210)	(3,298,825)
Dividend and interest income	<u>10,355,281</u>	<u>7,661,067</u>	<u>24,823,447</u>
	<u>132,050,490</u>	<u>(106,130,895)</u>	<u>(465,461,993)</u>
Administrative and other expenses	10,622,929	9,139,876	42,248,659
Interest expense	<u>5,399,057</u>	<u>5,720,082</u>	<u>19,771,223</u>
<b>Profit (Loss) before taxation</b>	116,028,504	(120,990,853)	(527,481,875)
Taxation (Charge) credit	<u>(24,289,309)</u>	<u>26,511,395</u>	<u>133,158,335</u>
<b>Profit (Loss) for the period being total comprehensive income</b>	<u><u>\$91,739,195</u></u>	<u><u>(94,479,458)</u></u>	<u><u>(394,323,540)</u></u>
<b>Basic Earnings (Loss) per share</b>	0.07	(0.07)	(0.29)

## Unaudited Statement of Cash Flows

	Quarter Ended		Year Ended
	December		September
	2020	2019	2020
Income (Loss) after taxation	91,739,195	(94,479,457)	(394,323,540)
Taxation	24,289,309	(26,511,395)	(133,158,335)
Net unrealized investment (gains) losses	(97,888,648)	111,085,479	368,097,498
Share capital	-	499,018	-
Accounts payable & Loans	<u>30,840,137</u>	<u>(361,823,308)</u>	<u>(395,934,280)</u>
	<u>48,979,993</u>	<u>(371,229,663)</u>	<u>555,318,657</u>
Net (Purchases) of Quoted Investments	(47,364,668)	(688,394,052)	(633,970,400)
Taxation paid & other	(1,709,623)	(1,149,310)	(3,982,907)
Accounts receivable	<u>907,364</u>	<u>1,079,101,238</u>	<u>1,194,180,018</u>
	<u>(48,166,927)</u>	<u>389,557,876</u>	<u>556,226,711</u>
Increase in cash and bank balances	813,066	18,328,213	908,054
Cash and bank balances- beginning of period	1,044,754	<u>156,077</u>	<u>136,700</u>
Cash and bank balances- ending of period	<u>\$1,857,820</u>	<u>18,484,290</u>	<u>1,044,754</u>

## Unaudited Statement of Changes in Equity

	Share Capital	Retained Earnings	Total
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)		<u>(94,479,457)</u>	<u>(94,479,457)</u>
Total equity at 31 December 2019	<u>\$1,623,112,948</u>	154,121,753	<u>1,777,234,701</u>
Total equity at 30 September 2020	\$ 1,623,112,948	<u>(145,722,330)</u>	<u>1,477,390,618</u>
Total comprehensive income	<u>363,592</u>	<u>91,739,195</u>	<u>92,102,787</u>
Total equity at 31 December 2020	<u>\$ 1,623,476,540</u>	<u>(53,983,135)</u>	<u>1,569,493,405</u>





# 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 31 December 2020, the Company was 38.41 percent (December 2019- 34.07 percent) 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 realized and unrealized 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 Company's audited financial statements ended 30 September 2020.

## 3. Investments

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

## 4. Investment activities

Investment activities during the quarter ended 31 December 2020 comprised:

	First Quarter	
	2021	2020
Realized (losses) - Jamaica	12,382	15,541,638
Realized gains - Overseas	34,528,053	2,947,089
Unrealized gains (losses) - Jamaica	64,121,589	(116,950,435)
Unrealized gains - Overseas	<u>33,767,060</u>	<u>5,864,956</u>
<b>Total</b>	<b><u>\$132,429,084</u></b>	<b><u>( 92,596,752)</u></b>

# Notes to the Financial Statements

## 5. Overdraft

As at 31 December 2020, the Company’s assets were charged in the sum of \$136,004,161 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 31 December 2020.

## 6. Taxation

Taxation for the three months to 31 December 2020 comprises:

Income tax withheld at source on dividend income	1,709,624
Deferred taxation	<u>22,579,685</u>
<b>Total</b>	<b><u>\$24,289,309</u></b>

## 7. Share Capital

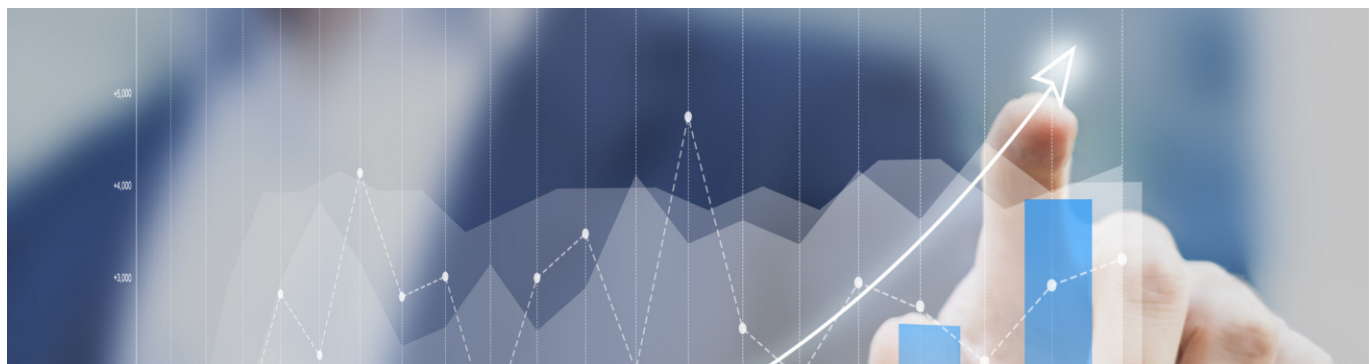
Authorized: Unlimited ordinary shares at no par value

## 8. Net Assets per share

The net assets per share as at 31 December 2020 were \$1.15 (31 December 2019-\$1.30) and this was derived by dividing the net assets of the Company of \$1,569,493,405 (2019 - \$1,777,234,700) by the 1,365,000,015 shares issued and outstanding as at 31 December 2020 (2019 - 1,365,000,015).

## 9. 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.





**Qwi**  
**INVESTMENTS**

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