

**REPORT FOR THE SECOND QUARTER
ENDED 31 MARCH 2021**



Building Wealth for our Investors

Report of Directors

QWI Investments (QWI) continues the recovery in net asset value that began in the second half of the 2020 calendar year, resulting in another profit in the second quarter ending in March 2021.

For the quarter, the Company achieved profit before tax of \$112.6 million compared with a loss of \$535 million in the year ago quarter. For the six months to March 2021 QWI reports a profit before tax of \$228.6

million compared with a loss of \$655 million in the year ago period.

The results for the first half have gone a far way in recovering the loss of \$394 million for the 2020 financial year and have eliminated the deficit in retained earnings of \$145.7 million at the end of September last year.

MARKET BACKDROP

Market conditions during the quarter and the financial year to date were favourable and resulted in the realisation of gains from some of the investments during the period. This helped in our performance. The markets in which we are mostly invested had the following movements in their indices:

Quarters Ending	JSE Index	Junior Market Index	S&P 500	MSCI ACW1 Index	QWI NAV
September 2020	380,426	2,556	3,579	565	1.08
December 2020	395,615	2,643	3,756	646	1.15
March 2021	394,659	2,983	3,973	673	1.21
Percentage Change 2nd Quarter	0	12.9	5.8	4.2	5.2
Percentage Change Half Year	3.7	16.7	11.1	19.1	12.0

SECOND QUARTER RESULTS

The Net Asset Value (NAV) of QWI's shares increased by 5.2 percent from \$1.15 in December 2020 to \$1.21 at the end of March 2021. Given that 75 percent of the Company's investments continue to be invested in Jamaica, this performance compares favourably with the 4.77 percent decline in the All Jamaica Composite Index (AJI) during the quarter. Note that the AJI comprises all of the listed companies in the local Main and Junior Markets.

QWI's Jamaican portfolio produced \$127 million of unrealised gains in the quarter as a number of the local stocks we invested in performed well. Your Company also took advantage of the favourable conditions in the USA and realised \$21.8 million of gains in the overseas portfolio. This was partly offset by unrealised overseas losses of \$11.8 million.

The total investment gains for the quarter represent a \$657 million swing from the \$530 million of net unrealised losses in the year ago period when COVID-19 was having its greatest impact on economies in Jamaica and overseas.

The Company's USA investment portfolio produced a total return of 4.5 percent in US currency, which largely matched the movements in the S&P 500 index and the MSCI World Index, QWI's main benchmark.

Administration costs were little changed at almost \$13 million (2020-\$12 million).

This quarter the Company's tax expense mainly comprised provisions for deferred tax and totaled \$33.6 million versus a tax credit of \$52.7 million a year ago.

HALF YEAR RESULTS

The Net Asset Value (NAV) of the Company's shares increased 12 percent from \$1.08 on 30 September 2020 to \$1.21 in March. This performance compares

favourably with the one percent decrease in the AJI and the 11.1 percent increase in the S&P 500 Index but was not as dramatic as the growth in the Junior Market index or other overseas markets during the period.

QWI's Jamaican portfolio produced \$191 million of unrealised gains in the half year while we realised gains of \$56 million in the USA portfolio. The total investment gain for the half year was \$259 million which represents a \$881 million swing from the \$622 million of net losses in the year ago period.

The Company's USA investment portfolio produced a total return of 27.5 percent in US dollars, representing a significant outperformance of the 11 percent growth in the S&P 500 Index and the 19 percent growth in the MSCI World Index.

The Company incurred unrealised exchange losses of \$11 million for the half year versus \$15 million a year ago with unrealised exchange losses this quarter of less than \$1 million versus a \$5 million gain a year ago.

Administration costs were little changed at almost \$23 million, versus \$21 million in 2020.

For the half year the Company's tax expense mainly comprised provisions for deferred tax of \$57.8 million vs a tax credit of \$79.2 million a year ago.

STATEMENT OF FINANCIAL POSITION

The Company ended the quarter with equity capital of \$1.65 billion, up from \$1.47 billion at the end of September 2020, resulting from investment gains reported during the quarter and year to date.

At the end of March, the Company held in excess of US\$3 million in equities listed in the USA and Trinidad and Tobago. The overseas portfolio includes holdings in several leading information technology and life science companies, retailers, aerospace and service enterprises.

QWI's total investments in local and overseas stocks amounted to \$1.96 billion, of which 74 percent of the Investment Portfolio is in stocks listed on the Jamaican market with the vast majority of the balance invested in the US market.

The Company continued to utilise a limited amount of borrowed funds in its investment activities. At the end of the period, borrowings amounted to \$314 million compared with \$195 million in September 2020.

TOP 10 LISTED HOLDINGS

The Company's 10 largest listed holdings on the Jamaica Stock Exchange (JSE), represent seventy percent of our local quoted investments.

The Company's 10 largest USA listed holdings represent thirty seven percent of our USA quoted investments.

In addition, QWI continues to hold a portfolio of USA listed securities for short term trading purposes

As at 31 March 2021, the top 10 listed holdings in the local JSE were as follows:

Jamaican Holdings	Shares held	J\$ Value
Access Financial Services	8,500,000	195,032,500
Grace Kennedy & Co Ltd	1,899,546	168,062,332
MailPac Group	33,111,643	115,394,076
Jamaican Teas Ltd	33,888,470	106,748,681
General Accident Insurance	15,032,119	87,111,130
JMMB Group Ltd	2,449,282	80,703,842
Seprod Ltd	1,153,053	80,137,184
Caribbean Cement Co Ltd	1,000,000	68,950,000
Scotia Group Jamaica	1,414,118	59,385,885
NCB Financial Group	391,672	54,540,326



As at 31 March 2021, the top 10 US listed holdings in which we are building positions are listed below:

US Holdings	Shares held	US\$ Value
Home Depot Inc	500	152,625
Alphabet Inc	70	144,376
Thermo Fisher Inc	300	136,914
Nvidia Corporation	250	133,482
IBM Corp	1,000	133,260
United Rentals Inc	400	131,724
Netflix	250	130,415
Boeing Co	500	127,360
Amazon.com Inc	40	123,763
Apple Inc	1,000	122,150

OUTLOOK

The Company's portfolio is reviewed on an on-going basis with changes effected by the addition or disposal of investments as the Investment Committee believes will be advantageous to QWI. Subsequent to the March quarter, stock markets have generally shown favourable trends. We took advantage of such conditions to add to some of our existing holdings and reduced positions in others. Our management of the portfolio resulted in the NAV moving up by 9 percent from \$1.21 at the end of the quarter to \$1.32 at the end of April. In Jamaica, the continuing re-opening of the tourism sector, and growth seen in some of the other sectors in the economy such as construction, is encouraging.

Globally, the markets continue to be driven by headlines relating to the spread of COVID-19, progress in the distribution of the new coronavirus vaccines and the impact of the economic stimulus measures adopted in the USA and China.

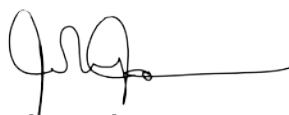
While we cannot say with any degree of certainty, there are signs that our holdings will perform well

over the balance of the financial year. Locally a number of companies continue to report good results and raise additional share capital.

This has been enthusiastically welcomed by investors as evidenced by increased share prices.

Over the long term, many securities prices will be heavily influenced by the continuing economic impact of COVID-19, and the general reopening of activities disrupted in 2020.

The Company's Annual General Meeting (AGM) scheduled for March 2021 had to be adjourned before any business could be conducted, due to new COVID-19 restrictions on meetings introduced by the government after the AGM was scheduled. On 21 April 2021, QWI filed an application in the Supreme Court of Judicature of Jamaica seeking permission for the Company to hold virtually its AGM and any Extraordinary General Meeting (EGM), pursuant to section 130 (2) of the Companies Act. The application is scheduled to be heard on 13 May 2021.



John Jackson
Chairman




John Mahfood
Director

28 April 2021

Unaudited Statement of Financial Position

	March 2021	March 2020	(Audited) September 2020
Quoted Investments-local	1,452,589,473	1,176,920,735	1,211,575,675
Quoted Investments - overseas	509,534,363	235,571,491	417,444,902
Deferred Tax	(525,485)	-	54,819,710
Due from brokers and other receivables	5,468,152	56,941,863	1,091,278
Cash and bank	<u>511,968</u>	<u>11,209</u>	<u>1,044,754</u>
Total assets	<u>1,967,578,471</u>	<u>1,469,445,298</u>	<u>1,685,976,319</u>
Current liabilities and accruals	5,295,327	6,020,480	13,208,865
Bank overdraft (Note 5)	-	34,603,906	-
Margin Loans - Net	<u>313,812,760</u>	<u>133,519,628</u>	<u>195,376,836</u>
Total Liabilities	<u>319,108,087</u>	<u>174,144,014</u>	<u>208,585,701</u>
Net assets	<u>\$1,648,470,384</u>	<u>1,295,301,284</u>	<u>1,477,390,618</u>
Share Capital	1,623,476,540	1,623,112,948	1,623,112,948
Retained earnings	<u>24,993,844</u>	<u>(327,811,664)</u>	<u>(145,722,330)</u>
Total equity	<u>\$1,648,470,384</u>	<u>1,295,301,284</u>	<u>1,477,390,618</u>

These financial statements were issued by the Board of Directors on 28 April 2021 and signed on its behalf by:


John Jackson
Chairman


John Mahfood
Director

Unaudited Statement of Profit or Loss

	2nd Quarter Ending		Six Months Ending	
	March 2021	March 2020	March 2021	March 2020
Gains from investments (Note 4)	126,852,796	(529,709,174)	259,281,880	(622,294,601)
Unrealised currency (loss)/gain	(754,184)	5,319,365	(11,488,059)	(15,872,270)
Dividend and interest income	<u>7,184,899</u>	<u>7,768,200</u>	<u>17,540,180</u>	<u>15,418,027</u>
Total Income	<u>133,283,511</u>	<u>(516,621,609)</u>	<u>265,334,001</u>	<u>(622,748,844)</u>
Administrative and other expenses	13,053,546	11,960,697	23,676,475	21,104,231
Interest expense	<u>7,649,025</u>	<u>6,074,130</u>	<u>13,048,082</u>	<u>11,794,213</u>
Total expenses	<u>20,702,571</u>	<u>18,034,827</u>	<u>36,724,557</u>	<u>32,898,444</u>
Profit/(Loss) before taxation	112,580,940	(534,656,436)	228,609,444	(655,647,288)
Taxation (Charge)/Credit (Note 6)	<u>(33,604,101)</u>	<u>52,726,595</u>	<u>(57,893,410)</u>	<u>79,237,900</u>
Profit and Loss for the period				
being total comprehensive income	<u>\$78,976,839</u>	<u>(481,929,841)</u>	<u>170,716,034</u>	<u>(576,409,298)</u>
Basic earnings/(Loss) per share (Note 8)	<u>\$0.06</u>	<u>(0.35)</u>	<u>0.13</u>	<u>(0.42)</u>

Unaudited Statement of Cash Flows

	Six Months Ending March 2021	Six Months Ending March 2020	Year Ending September 2020
Income/(Loss) after taxation	170,716,034	(576,409,298)	(394,323,540)
Taxation	57,893,410	(79,237,990)	(133,158,335)
Net unrealised investment (gains)/losses	(213,483,325)	653,928,177	368,097,498
Accounts payable/Loans/Share Capital	<u>111,047,871</u>	<u>(404,070,701)</u>	<u>(395,934,280)</u>
	<u>126,173,990</u>	<u>(405,789,902)</u>	<u>(555,318,657)</u>
Net (Purchases) of Quoted Investments	(119,619,934)	(764,991,046)	(633,970,400)
Taxation paid/other	(2,709,968)	(2,277,882)	(3,982,907)
Accounts receivable	<u>(4,376,874)</u>	<u>1,138,310,056</u>	<u>1,194,180,018</u>
	<u>(126,706,776)</u>	<u>371,041,128</u>	<u>556,226,711</u>
(Decrease)/Increase in cash and bank balances	(532,786)	(34,748,774)	908,054
Cash and bank balances-beginning of period	<u>1,044,754</u>	<u>156,077</u>	<u>136,700</u>
Cash and bank balances-ending of period	<u>\$511,968</u>	<u>(34,592,697)</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>0</u>	<u>(576,409,298)</u>	<u>(576,409,298)</u>
Total equity at 31 March 2020	<u>1,623,112,948</u>	<u>(327,808,088)</u>	<u>1,295,304,860</u>
Total equity at 30 September 2020	1,623,112,948	(145,722,330)	1,477,390,618
Total comprehensive income	<u>363,592</u>	<u>170,716,034</u>	<u>171,079,626</u>
Total equity at 31 March 2021	<u>\$1,623,476,540</u>	<u>24,993,844</u>	<u>1,648,470,384</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 March 2021, the Company was 40.61 percent (2020- 34.38 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 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 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 half year ended 31 March 2021 comprised:

	2nd Quarter to March		Six Months to March	
	2021	2020	2021	2020
Realised (losses) - Jamaica	(10,620,843)	10,197,221	(10,608,461)	25,750,184
Realised gains - Overseas	21,878,963	2,936,304	56,407,016	5,883,393
Unrealised gains/(losses) -Jamaica	127,442,214	(493,400,705)	191,563,803	(610,351,140)
Unrealised (losses) – Overseas	<u>(11,847,538)</u>	<u>(49,441,994)</u>	<u>21,919,522</u>	<u>(43,577,038)</u>
Total	<u>\$126,852,796</u>	<u>(529,709,174)</u>	<u>259,281,880</u>	<u>(622,294,601)</u>

Notes to the Financial Statements

5. Overdraft

As at 31 March 2021, the Company's assets were charged in the sum of \$124,632,560 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 percent per annum. No amounts were outstanding under this overdraft facility as at 31 March 2021.

6. Taxation

Taxation for the six months to 31 March comprises:	2021	2020
Income tax withheld at source on dividend income	2,548,214	2,277,882
Deferred taxation	<u>55,345,196</u>	<u>(81,515,872)</u>
	<u>57,893,410</u>	<u>(79,237,990)</u>

7. Share Capital

Authorised: Unlimited ordinary shares at no par value

Issued and fully paid	<u>1,365,000,000</u>	<u>1,365,000,000</u>
-----------------------	----------------------	----------------------

8. Net Assets per share

The net assets per share as at 31 March 2021 were \$1.21 (31 March 2020 - \$0.95) and this was derived by dividing the net assets of the Company of \$1,648,470,384 (2019 - \$1,295,301,285) by the 1,365,000,015 shares issued and outstanding as at 31 March 2021 (2020 - 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

Building Wealth for our Investors

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

www.qwiinvestments.com