THE INVESTMENT MAGAZINE

by: PROVEN Investments Limited

MARCH 2021 EDITION

AUDITED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2021

The Board of Directors of PROVEN Investments Limited ("PIL") is pleased to report its Audited Financial Statements for the year ended March 31, 2021.

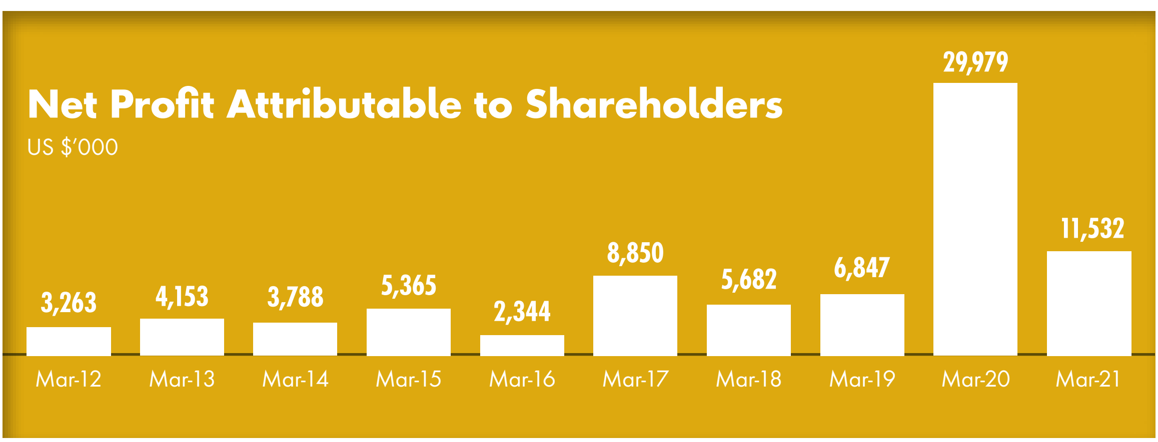
FINANCIAL HIGHLIGHTS

US$11.53 million	—	Net Profit attributable to shareholders
US$0.018	—	Earnings Per Share
US$674.54 million	—	Consolidated Total Assets
9.75%	—	Trailing 12 Months (TTM) Return on Average Equity
62.47%	—	Efficiency Ratio
US$0.0014 per share	—	Quarterly Approved Dividend

Financial Performance

PIL registered a commendable and resilient performance for the year ended March 31, 2021, notwithstanding significant economic uncertainty and a broad range of potential outcomes. Net Profit attributable to Owners of the Company (NPAO) for the year ended March 2021 totalled US$11.53 million versus normalized Net Profit of US$11.04 million earned in the previous year, representing a year-over-year increase of 4.45%. In a challenging macro-economic environment this performance reflects underlying and broad earnings strength across the Portfolio Companies

The Company remained nimble and aggressive in the execution of its acquisitions throughout the pandemic. This posture resulted in the signing of three (3) new deals to acquire Portfolio Assets within the Caribbean Region while aggressively executing on new and existing Real Estate Projects.



The Company also completed a fund-raising round via an Additional Public Offer in which approximately US$30 million was raised. The PROVEN Team remains humbled by investors continued vote of confidence in the PROVEN value proposition. The capital raised will further serve to augment the capital structure and position the balance sheet to absorb the new Portfolio Investments.

Subsequent to the year end on June 8, 2021, PIL officially closed on the purchase (50.5% interest) in Roberts Manufacturing Co Limited, a leading manufacturer of animal nutrition, edible fats, and oils in Barbados supplying diversified consumer goods to markets in the Caribbean. The Company continues to make significant endeavours to improve upon its diversified business model by taking advantage of opportunities available in a stressed market. Recently, PIL announced the acquisition of Heritage Education Funds and Fidelity Bank (Cayman) Limited with both transactions scheduled to close in the latter part of 2021. The company is well-positioned to continue its growth trajectory in an improving economy and maintain its commitment to execution of core growth strategies and the protection of our stakeholders.

Performance Drivers

PIL operates under three distinct business strategies, namely, (1) Private Equity (Financial Services and Real Sector), (2) Real Estate and (3) Treasury/PIL Proprietary.

1. PRIVATE EQUITY

PROVEN Wealth Limited (PWL)

PWL reported Profit Attributable to Equity Holders of US$2.77 million, representing an increase of 10.3% from the prior year. Total Non-Net Interest Income accounted for 75% of Total Income, reflecting successful execution of the company's strategy to diversify revenue streams and reduce reliance on the repurchase agreement business. Pension Management Income, Fees and Commission and Interest Income were the top performing line items during the year. Total Administrative and General Expenses amounted to US$6.46 million, accounting for 32.2% of total Group Operating Expenses. Total Assets experienced a decline of 21.5% year over year to US$89.21 million as at March 31, 2021. The decline in assets was primarily attributed to declines in Investments and Loan Receivables, reflecting efforts to realise trading gains and boost liquidity.

PWL continues to focus on its strategy to grow its off-balance sheet wealth and advisory management business by offering innovative investment solutions to clients. PWL is also heavily focused on improving its operating efficiency aided by leveraging technology and FinTech such as its Proven Wealth App, IPO Pro, and Global Trading Platform.

INTRODUCING

IPO PRO

By PROVEN WEALTH

It's time for an ***Easier*** way to ***Invest***.

Sign up and log in to experience investment made easier.

www.myipopro.com

BOSLIL Bank Limited (BOSLIL)

PIL currently owns 75.0% of the equity of BOSLIL Bank Limited. The Bank recorded an impressive performance despite the challenging operating environment. This Asset delivered Net Profit totalling US$6.38 million, a 34.60% increase over US$4.74 million earned in the previous year. This resulted in US$4.82 million in Profit Attributable to Equity Holders being realized for the 12-month period ended March 2021 versus US$3.53 million for the period ended March 31, 2021. The boost in Net Profit was predominantly driven by more than a three-fold increase in Securities Trading Income to US$3.85 million. This emanated primarily from efforts to balance the market risk and liquidity profile of the portfolio amidst the uncertainty and therefore is likely to be a one-off as focus shifts to building out sustainable net interest income over the 2021 Financial Year. Additionally, Net Interest Income and Other Income accounted for 38.7% and 61.3% of Revenues respectively, reflecting the company's success in diversifying earnings in the overarching low interest rate climate.

BOSLIL's Efficiency Ratio improved from 54.1% as at March 31, 2020 to 42.2% as at March 31, 2021 due mainly to a 16.6% decline in expenses and a 6.9% increase in revenue year-over-year. Total Administrative and General Expenses amounted to US$4.67 million, accounting for 23.2% of total Group Operating Expenses. Total Assets of the Bank increased by 15.0% year over year to US$316.24 million as at March 31 2021, mainly due to the 57.3% growth in the company's cash balance. BOSLIL's overall performance was mainly driven by growth in its core business, reflecting continued improvements in asset-liability management and cost synergies which continues to drive the company's performance. PIL remains focused on executing on its corporate strategy for this asset which will result in the implementation of initiatives to drive the expansion of the balance sheet and further diversify revenues while scaling the current operating platform.

International Financial Planning Limited (IFP)

IFP is a licensed independent investment advisor with offices in Cayman, Bermuda and the British Virgin Islands that caters to a variety of investors ranging from medium to high net-worth individuals. The company reported a Net Profit of US$0.41 million compared to US$0.73 million earned in the previous year. This decline in Net Profit is primarily due to a 24.3% decline in the company's revenue line-item Fees and Commission. This was due to a decline in client activity as a result of the challenging macro economic environment. As a result of this, Total Revenues experienced a decline of 22.3% to US$4.40 million compared to the previous year. PIL continues its process of re-engineering this business and anticipates revenue enhancement and cost synergy measures to bear fruit in the medium to long term. IFP operations are entirely focused on fees based on balance sheet activities, and as a result 97.5% of its revenue is derived from fees and commissions which contributed 60.2% to the overall Fees and Commission reported by the Group for the year ended March 31, 2021.

ACCESS Yes!

Experience the power of Yes with ACCESS

ACCESS
FINANCIAL SERVICES LTD.

PERSONAL LOANS • MICRO LOANS • SMALL BUSINESS LOANS

Call 888-GET-ACCESS (888-438-2223) or download the myAccess app today!

Access Financial Services Limited (AFSL)

AFSL is recognized as an associate company resulting in the recognition of a share of its profit, instead of a consolidation of its results into PIL's Consolidated performance. AFSL's contribution for the financial year ended March 31, 2021, amounted to US$0.45 million. Despite the pandemic the company remained resilient and achieved commendable results relative to budget. PIL's Corporate Strategy around this business is still undergoing transformation which is anticipated to provide incremental growth in the medium to long term.

JMMB Group Limited (JMMB)

JMMB is an associate company which contributed an estimated US$10.32 million in the form of Share of Profit for the year ended March 31, 2021, compared to US$10.35 million earned in the previous year. This Share of Profit represents the gross income which excludes interest costs associated with the investment. The investment in JMMB continues to provide incremental growth despite its below average cashflow yield relative to other Portfolio Assets; this was further impacted by the suspension of dividends throughout most of the year. JMMB's expanding presence in the onshore banking and insurance sub-industry within the region is consistent with PIL's ongoing strategy to diversify the portfolio of investments across the twenty-four (24) countries of the Caribbean and Latin America.

Dream Entertainment Limited (DREAM)

In February 2019, PIL acquired a 20.0% equity stake in DREAM. The greater part of 2020 was spent on restructuring the Dream organisational structure to improve operating efficiency while realising some level of integration into the PIL structure. During the year ended March 31, 2021, the focus shifted to managing cashflow as it navigated the COVID-19 pandemic realising the benefits of the restructuring initiatives undertaken in the prior year. The Management of Dream remains confident and looks forward to the reopening of the Entertainment Sector.

2. REAL ESTATE

Real Properties Limited (RPL)

RPL reported Profit Attributable to Equity Holders of US$2.09 million. This performance contributed 18.1% to the Group's Net Profit Attributable to Owners of the Company (NPAO) and represents a decline of 12.0% compared to the previous year. The decline in Net Proceeds from Sale, is primarily attributed to the fact that there were no development projects closing during the year. Revenues in this business segment are recognised only upon project completions. Projects are at various stages in the pipeline and PIL remains optimistic on the outlook for this Business.

Total assets stood at US$45.46 million as at March 31, 2021 compared to US$35.01 million reported at March 31, 2020, representing an increase of 29.9%. The Company continues to diversify its portfolio of real estate holdings which as at March 31, 2021, included five (5) rental income properties and seven (7) development sales projects, all at various stages of the development cycle. RPL continues to closely monitor the local and international real estate markets for new opportunities while making the requisite adjustment to successfully navigate the uncertainties associated with developments around COVID-19.

Residential Development	Location	Description	Status/Projected Completion Date
The César	21 Millsborough Avenue, Kingston 6	6 Villas & 9 Apartments	September 2021
VIA at Bræmar	19-21 Bræmar Avenue, Kingston 5	99 Apartments (51 Studios, 30 One Bedrooms, 18 Two Bedrooms)	October 2021
Mystic Ridge	Milford Road, St. Ann	156 Apartments (144 Studios, 12 Two Bedrooms)	September 2023
AVISTA at Bloomfield	Bloomfield, Mandeville	78 Apartments (40 Studios, 20 One Bedroom, 18 Two Bedrooms)	December 2022
Grove Park (52% stake)	Grove Park Avenue, Kingston 8	76 Apartment (48 One Bedroom, 28 Two Bedrooms)	December 2022
Omega Drive (40% stake)	Omega Drive- Grand Cayman	13 Townhouses (9 Two Bedroom, 4 Three Bedroom)	July 2022
Pimento Grove (49% stake)	Cardiff Hall, St. Ann	85 Villas, 73 Townhomes, 48 Condominiums	March 2024
Rent/Lease	**Location**	**Description**	**Status/Projected Completion Date**
Real NPW	Newport West, Kingston 13	29,680 SF of commercial space	100% Occupancy
Real Portmore Pine 1	Portmore Pines Plaza, Greater Portmore	26,908 SF of commercial space	100% Occupancy
Real Portmore Pines 2 (51% stake)	Portmore Pines Plaza, Greater Portmore	51,689 SF of commercial space	100% Occupancy
Gladstone Commercial (60% stake)	Gladstone Drive, Kingston 5	41,872 SF of commercial space	March 2022
Bloomfield Commercial	Bloomfield, Mandeville	~100,000 SF of commercial space	Projected Completion 2023

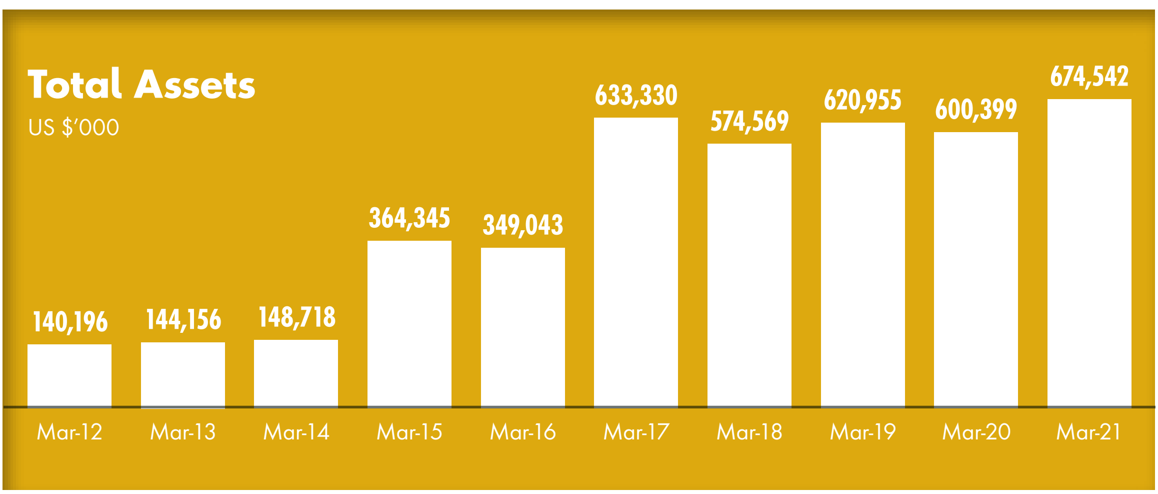
3. TREASURY / PIL PROPRIETARY

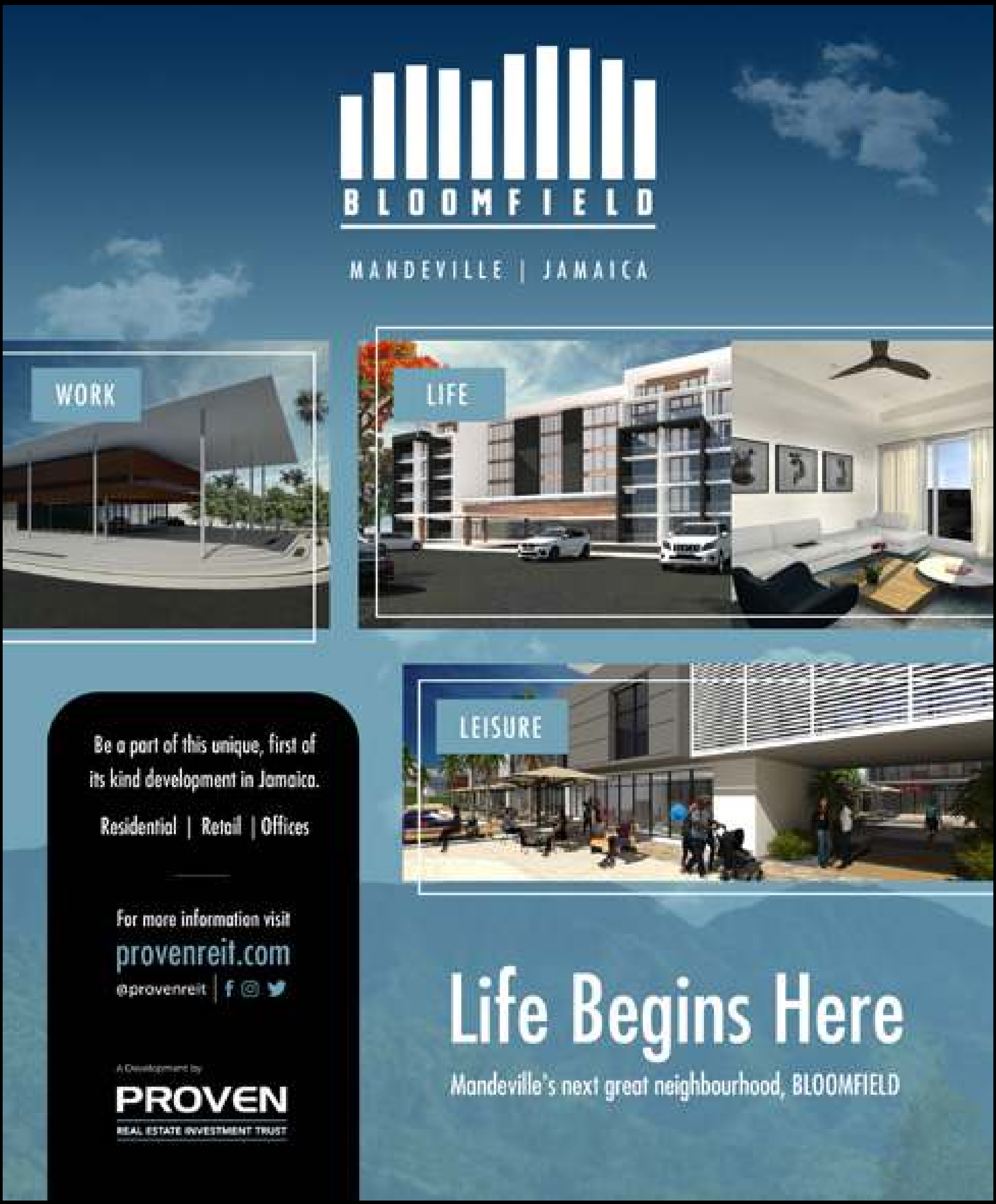
The Treasury segment of PIL's operations generated a gain of US$0.99 million (net of all intercompany income and charges) for the year ended March 31, 2021, compared to a gain of US$20.08 million reported in the same previous year. This decline was predominantly driven by the non-recurrence of gains on disposal captured in the prior year and to a lesser extent a decline in Net Interest Income due to a deliberate shift in strategy away from the carry trade to reflect optimal capital allocation. PIL continues to optimize the balance sheet mix and aggressively pursue growth opportunities consistent with our strategic focus. This is expected to reap benefits over the near to medium term.

Net Interest income (NII) registered a loss of US$3.65 million largely reflecting debt servicing obligations associated with wholesale funding of the JMMB share acquisition. Total Administrative and General Expenses amounted to US$4.87 million, accounting for 24.2% of total Group Operating Expenses while Preference Dividend charges totalled US$2.74 million.

STATEMENT OF FINANCIAL POSITION

Total assets amounted to US$674.54 million as at March 31, 2021, which grew by 12.4% from US$600.39 million reported as at March 31, 2020. The shift in the composition of Total Assets mainly emanated from an increase in cash and Investment in Associates funded by a corresponding increase in customer deposits and equity raised in the APO. Liabilities increased by 2.05% to US$505.12 million as at March 31, 2021, from US$494.98 million as at March 31, 2020, mainly due to an increase in client liabilities.



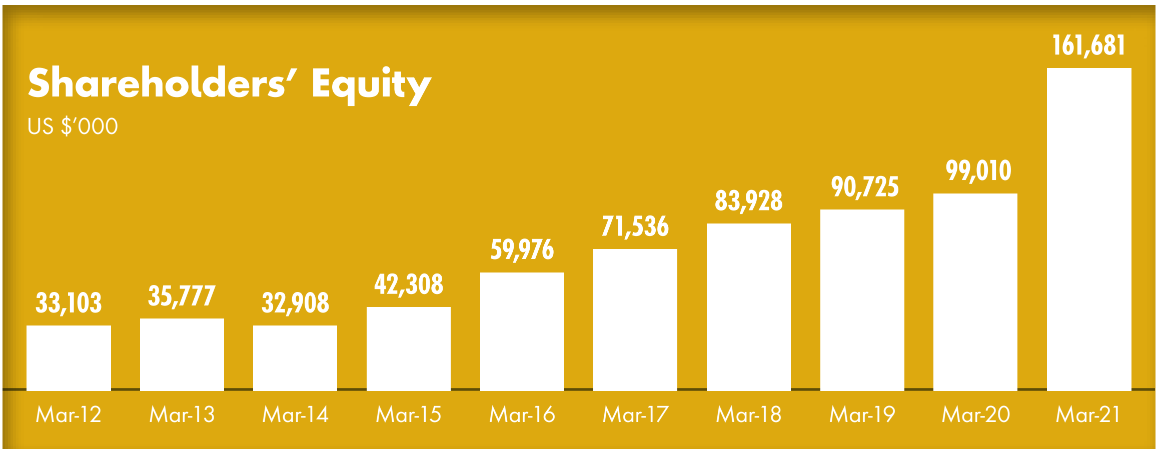


BLOOMFIELD
MANDEVILLE | JAMAICA
WORK
LIFE
LEISURE
Be a part of this unique, first of its kind development in Jamaica.
Residential | Retail | Offices
For more information visit
provenreit.com
@provenreit
A Development by
PROVEN
REAL ESTATE INVESTMENT TRUST
Life Begins Here
Mandeville's next great neighbourhood, BLOOMFIELD


EXPERIENCE
OFFERS A BROADER
PERSPECTIVE
Experience the benefits of our view.
We offer a range of financial services, including:
Transactional Banking
Online Banking
A Multi-Curreny Platform
Cash Secured Lending
Credit Cards
Saint Lucia IBCs
Private Investment Funds
Personalised Service
www.boslil.com
BoslilBank

SHAREHOLDERS' EQUITY

Shareholders' Equity Attributable to Owners of the Company increased by 63.3% to US$161.68 million as at March 31, 2021 from US$99.01 million as at March 31, 2020. This was as a result of the successful execution of the raise of US$30 million equity executed over the period and a 21.81% increase in Retained Earnings. There was also a positive change in the Foreign Exchange Translation line of 206.1%, moving from a loss of $2.62 million as at March 31, 2020, to a gain of $2.78 million as at March 31, 2021.



DIVIDEND PAYMENT

Subsequent to the year end on June 16, 2021, the Board of Directors approved a quarterly dividend of US$0.0014 per share to all Ordinary Shareholders on record as of July 1, 2021, to be paid on July 9, 2021. This represents a trailing twelve-month (TTM) tax-free dividend yield of 2.60% based on the average share price of US$0.25 for the twelve months ended March 31, 2021. Total dividends paid during the year amounted to $5.96 million, which represents a total pay-out ratio of 52% of overall Profits attributable to shareholders. The Board of Directors takes this opportunity to thank all our stakeholders for their support and trust. Our continued success is a result of the dedication of Management and our Staff, and we thank them for their loyalty and commitment.

OPERATING ENVIRONMENT

According to the International Monetary Fund (IMF), the global economy is projected to grow by 6% in 2021, its strongest post-recession pace in 80 years and then by a moderate 4.4% in 2022. Prospects of a stronger recovery have emerged due to additional fiscal stimulus, especially in the U.S., and the expectations of broader vaccination leading to faster herd immunity. However, this global recovery has been uneven and largely reflects sharp rebounds in some major economies as many emerging market and developing economies (EMDEs), continue to face obstacles as poor vaccination rollouts continue to weigh on activity. This is especially the case in the Latin America and the Caribbean (LAC) region, given that these countries do not produce vaccines and their strong reliance on tourism for growth.

Wouldn’t you rather retire wealthy?

Think Forward.

INNOVATIVE THINKING FOR SUCCESSFUL RETIREMENT

Approved Retirement Scheme

It’s your call (876) 908-3800 -1

7 HAINING ROAD, KINGSTON 5

PROVEN ROCK

Monetary policy in developed markets should remain accommodative until at least the end of 2022. Ten-year Treasury yields peaked at 1.74% on March 31st, a steep rise from 0.58% at the start of the year. The unprecedented size of the fiscal stimulus, which surpass US$3T remains a driver for expectations of higher bond yields. The temporary impact of an acceleration in recovery over the remainder of 2021 could push rates higher. The expected range is 1.5%-2% with a gradual retracement to the lower band during the latter quarters of 2021.

As a result of the forceful fiscal and monetary response since the onset of the COVID-19 crisis, the US economy has already recovered the output that was lost during the pandemic in nominal-dollar terms. However, there are still significant gaps in employment and in some sectors of the economy, but with more fiscal stimulus on the horizon, gross domestic product (GDP) growth is poised to move above the long-term trend of approximately 2% this year.

Global macro conditions and a shift in central bank frameworks have improved prospects for global growth and foreign demand. Thus, Emerging Market (EM) exports are expected to experience strong growth over 2021 due to the gradual recovery in the developed-market business activity. EM equities experienced a strong rebound as the MSCI Emerging Markets Index increased by 59.13% over the 12-month period ended March 2021. EM credit spreads have also tightened over the period as the Credit Suisse Emerging Market Index (an index that tracks the credit spread on EM corporates), ranged from 225bps to 530bps, ending at 269bps on March 31, 2021. However, financial stress amid high Emerging Market debt levels poses risks to the ongoing credit tightening amidst the economic expansion.

The recovery of Europe's economies remains tentative due to the new waves of COVID-19 infections and lockdowns. There is progression in vaccinations and therefore the GPD growth of Europe is forecasted by IMF to recover by 4.5% in 2021. Returning to pre-pandemic levels, forecasted European GDP for 2022 is 3.9% assuming availability of vaccinations in Summer 2021 and throughout 2022. The European market has also been supported by the positive progress in Brexit.

Commodity prices continue to improve and are currently above pre-pandemic prices. In the 1st Quarter, the price of oil increased along with the demand and growth expectations. The price of energy is therefore forecasted to increase more than one-third this year compared to 2020. WTI Crude Oil and Brent crude oil posted positive increases of 67.70% and 59.05% respectively over the 12-month period, supported by a rapid recovery in the global economy and continued reduction in production by OPEC. The United States Dollar Index, or DYX, which measures the U.S. dollar against the currencies of several other countries, ranged from a low of 89.43 to a high of 100.69, and ultimately closed the period at 93.23. With inflation expectations still elevated, the erosion of US real yields stands to be a risk to the US Dollar.

Economic growth is expected to continue to pick up as the vaccine rollout gains momentum and the government proposes another large fiscal aid package. Also, the Federal Reserve is pledging to keep its very easy monetary policy intact for the foreseeable future. Despite these positive developments, global outlook remains subject to downside risks as COVID-19 remains a key risk if mutations multiply and override current vaccine potencies. Another concern is the potential for central banks' failure to control the reflation narrative, thus making the rise in yields disruptive.

Regional

The Latin American and Caribbean region has been hit the hardest by the COVID-19 pandemic. The region has become an epicenter of the pandemic and now has one of the world's highest per capita mortality rate. Growth stagnated in the region to -7.0% in 2020 and is expected to recover by 4.1% in 2021. Primary risks for the region are lower levels of education and employment reducing future earnings and high levels of public and private debt which may strain the financial sector and slow the recovery process.

Monetary policy, as a tool, is limited due to already persistently low policy rates. Thus, a more robust fiscal stimulus plan is the key to ensure smoother and swifter recovery from this pandemic, however like most EM countries this is constrained by its already heavy indebtedness, causing a delicate balance between fiscal prudence and growth. Highly Indebted Caribbean countries could see the health crisis transition to a Debt crisis amidst limited fiscal space to simulate a timely recovery. A wave of credit rating downgrades was observed during the pandemic, therefore, the region remains particularly vulnerable to a lowering of credit rating if fiscal conditions fail to improve within a reasonable timeframe. This underscores the importance of vaccination as part of the region's near to medium term growth trajectory, given that these economies rely disproportionately on service industries which require the movement of people.

The pandemic resulted in escalating public debt ratios among regional governments who in the main borrowed to cushion the impact while artificially inflating Net International Reserves (NIRs). An emerging market debt crisis will likely have a profound global impact, derailing the best laid COVID-recovery plans. Upside to the outlook remains with success in vaccinations and containing the pandemic, to which most countries are strongly committed, as well as additional fiscal support that would create the conditions for a faster recovery. To prevent the health crisis from transforming into a financial crisis, a strategy is required focusing on decreasing debt, identifying new resources, increasing productivity and distinguishing private creditors alongside official creditors for middle-income to low-income countries.

Jamaica

In 2021, Jamaica's economic activity and fiscal performance is expected to be significantly affected by the negative effects of the COVID-19 shock on the activities of tourism and local businesses. On the other hand, Jamaica experienced a more moderate impact than other regional markets highly dependent on tourism. In 2020, GDP severely contracted to 9.9% as a result of the COVID-19 impact. For the quarter ended March 31, 2021, GDP was estimated to have contracted between 5 to 7%, which was an improvement compared to the 8.3% contraction in Dec 2020 quarter. According to the Bank of Jamaica (BOJ), GDP is estimated to contract between 10% to 12% for FY2020/21 but partially recover in the next fiscal year FY 2021/2022 with growth in the range of 5% to 8%.

The IMF forecasts a 3.6% recovery in 2021 for the Jamaican Economy. The BOJ is projecting GDP in the range of 2-4% over the next 24 months. Recovery is currently being threatened by the pandemic's recent resurgence,the reintroduction of containment measures and public distrust of the vaccine also poses a threat. Jamaica is currently projected to return to its pre-COVID-19 level of output by fiscal year 2023/24.

Over the 12-month period from March 2020 to March 2021, the Jamaica Stock Exchange (JSE) Main market index moved 4.07% to close at 394,660 points. Highlights include a recovery in large capital market players including Seprod and GraceKennedy. Meanwhile, the Junior market index rose 29.46% to 2,983 points over the period. The major theme on the local market was an improvement in earnings for large food companies with strong balance sheets, robust cost controls and those that managed to increase their export footprint. Critically, financial institutions broadly resumed to paying dividends to all shareholders, reducing their expected credit losses, showing cost discipline and benefitted from improvements in financial market conditions which have erased fair value losses. Notably, higher remittance flows also provided a tailwind for these firms. Together, these factors have enhanced the outlook on the local market. Beyond this, further growth in Jamaica's equity market is expected, propelled by investor confidence on the back gains on the vaccine front, both locally and globally. The re-opening of business, especially those in services, and gradual normalization of travel and by extension, tourism activity should positively influence local equity market growth over the medium-term. Importantly, the return of postponed capital markets transactions should also enhance investor outlook, spanning capital raises to an expected uptick in cross-listings from the Trinidadian equity market. Also, underperformance will be driven by expected modest and/or transitory increase in interest rates via a vaccine driven recovery, heightened economic activity and investor optimism.

BOJ continues to maintain the historic low level benchmark interest rate of 0.50% as at March 31, 2021 amidst its expectation of inflation remaining within the targeted range of 4-6% over the next two years. This accommodative monetary policy is expected to be maintained to boost economic activity. BOJ's weighted average selling rate for USD depreciated 8.15% year-over-year closing at 144.87 as at March 31, 2021, compared to 133.95 as at March 31, 2020. Over the next year the rate of depreciation is anticipated to be contained, anchored by robust Net International Reserves (NIR) (3+ Billion) and the gradual return of tourism flows and Foreign Direct Investments (FDIs). The return to normalcy for the tourism sector is expected to take place over the medium term and thus improve USD Liquidity.

PROVEN
Investments Limited

We would like to take this opportunity to thank all of our stakeholders for your support and trust.

Our continued success is as a result of the dedication of our Directors, Management and Staff and we thank them for their loyalty and commitment.

Director

Director

www.weareproven.com

Design + Layout: simplyjimdandy.com