

**REPORT FOR THE THIRD QUARTER  
ENDED 30 June 2021**



*Building Wealth for our Investors*

## Report of Directors

Profit before tax almost doubled in the third quarter ending June 2021 versus the corresponding quarter in 2020, to reach \$214.3 million versus \$116 million.

QWI Investments (QWI) continues the recovery in Net Asset Values (NAV) which started in the second half of the 2020 calendar year resulting in a further profit in the quarter.

For the nine months to June 2021 QWI recorded a profit before tax of \$442.6 million compared with a

loss of \$539 million in the year ago period. The results for the year to date have reversed the deficit in the retained earnings of \$145.7 million incurred to the end of the financial year to September 2020.

### MARKET BACKDROP

Market conditions during the quarter and the fiscal year to date have been favourable and resulted in realised gains on sale of investments in addition to unrealised gains in the rest of the portfolio.

The movements in the market indices of the markets in which we are mostly invested have been as follows:

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
June 2021	425,564	3,371	4,301	722	1.33
Percentage Change 3rd Quarter	7.8	13.0	8.3	7.2	9.9
Percentage Change 9 Months to June 2021	11.9	31.9	20.1	27.8	23.1

## **THIRD QUARTER RESULTS**

QWI's Jamaican investments, which represent 73 percent of the Company's portfolio, produced \$144 million of unrealised gains and \$11 million of realised gains in the quarter.

The Net Asset Value (NAV) of the Company's shares increased 9.9 percent from \$1.21 in March 2021 to \$1.33 at the end of June 2021. This performance better than the 6.9 percent increase in the All Jamaica Composite Index (AJI) during the quarter.

The Company also took advantage of the favourable conditions in the USA and achieved \$10.3 million of gains as well as unrealised gains of \$51.3 million.

The Company's USA investment portfolio produced a total return in of 9.8 percent, which exceeded the movements in the S&P 500 and the MSCI World Index, QWI's main benchmark.

For this quarter, unrealised exchange gains totalled \$11 million versus \$24 million a year ago.

Administration costs increased to almost \$13 million (2020-\$10 million).

This quarter, the Company's tax expense mainly comprised provisions for deferred tax and amounted to \$50.6 million versus less than \$1 million a year ago.

## **RESULTS YEAR TO DATE**

The Net Asset Value (NAV) of the Company's shares increased by 23 percent from \$1.08 at the end of September 2020 to \$1.33 at the end of June 2021. This performance compares favourably with the 11 percent increase in the AJI and the 20.1 percent increase in the S&P 500.

QWI's Jamaican portfolio produced \$336 million of unrealised gains in the year to date. Gains of \$66 million were realised in the USA. The total investment gain for the year to date was \$476 million, which represents almost a \$1 billion turnaround from the \$521 million of net losses in the year ago period.

The Company's USA investment portfolio produced a total return in US\$ of 31 percent, which represented a significant outperformance of the 20 percent growth in the S&P 500 and the 28 percent growth in the MSCI World Index.

Unrealised exchange losses totalled less than \$1 million versus an \$8 million gain a year ago and administration costs were \$37 million versus \$32 million in 2020.

The Company's tax expense comprised, in the main, provisions for deferred tax totalling \$108.2 million versus a tax credit of \$78.6 million a year ago.

## **STATEMENT OF FINANCIAL POSITION**

The Company ended the quarter with equity capital of \$1.8 billion, up from \$1.47 billion at the end of September 2020, resulting from the profit 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. The portfolio includes positions in several leading information technology and life science companies, retailers, aerospace and service companies.

# QWI INVESTMENTS LIMITED

## REPORT FOR THE THIRD QUARTER ENDED 30 JUNE 2021

Investments in local and overseas stocks amounted to \$2.26 billion, with 73 percent of Jamaican listed stocks and the majority of the balance invested in the US market.

The Company utilises borrowed funds in its investment activities which amounted to \$407 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 sixty percent of our local quoted investments and the 10 largest USA listed holdings represent forty five percent of our USA quoted investments.

As at 30 June 2021, the top 10 listed holdings in the local JSE were as follows:

Jamaican Holdings	Shares held	J\$ Value
GraceKennedy	1,899,546	183,765,053
Access Financial Services	8,500,000	178,457,500
Jamaican Teas	33,888,470	140,298,266
Caribbean Cement Co	1,350,000	126,798,750
MailPac Group	30,811,643	119,549,175
JMMB Group	2,970,356	109,606,136
General Accident Insurance	15,032,119	83,879,224
NCB Financial Group	391,672	55,206,168
Stationery and Office	6,908,066	53,882,915
Jamaica Broilers Group	1,484,852	52,949,822



As at 30 June 2021, the top 10 US listed holdings in which we are building positions are listed below:

US Holdings	Shares held	US\$ Value
Alphabet	90	225,568
Netflix	350	184,873
Facebook	500	173,855
United Rentals	500	159,505
Home Depot	500	159,445
Boeing Co	650	155,714
Pulte Group	2,850	155,525
Apple	1,125	154,080
Thermo Fisher	300	151,341
IBM Corp	1,000	146,590

## **OUTLOOK**

The Company's Investment Committee continues to actively monitor the corporate investment portfolio and the markets in which we operate. Subsequent to the quarter, stocks continue to show favourable trends, with the value of the NAV of the portfolio rising to \$1.36.

We are encouraged by a number of positive developments in the Jamaican economy, namely the continued rebounding in visitor arrivals, low interest rates and the improved profit results being posted by several companies compared to 2020.

Globally, the markets continue to be driven by headlines relating to economic recovery from COVID-19 lockdowns, the emergence of new COVID variants and mutations, progress in the distribution of

vaccines, trends in inflation and interest rates and the impact of the economic stimulus measures adopted in the USA and China.

The Company's Annual General Meeting (AGM) scheduled for March 2021 had to be adjourned before any business could be conducted. QWI's application to the Supreme Court in May 2021 for permission to hold its next AGM in a virtual format has recently been approved and we hope to announce the date the AGM will be reconvened soon. It will be preceded by an Extraordinary General Meeting (EGM) at which you will be asked to consider changes to QWI's Articles of Incorporation to permit AGM's and future EGM's to be conducted virtually and for reports to shareholders to be distributed electronically.

We look forward to meeting you in the virtual space.



**John Jackson**  
Chairman



**John Mahfood**  
Director

8 July 2021

## Unaudited Statement of Financial Position

			(Audited)
	June 2021	June 2020	September 2020
Quoted Investments-local	1,662,573,798	1,133,017,397	1,211,575,675
Quoted Investments - overseas	602,700,661	265,296,836	417,444,902
Deferred Tax	0	0	54,819,710
Due from brokers and other receivables	6,303,655	84,505,656	1,091,278
Cash and bank	<u>3,580,194</u>	<u>10,823,889</u>	<u>1,044,754</u>
<b>Total assets</b>	<b><u>2,275,158,308</u></b>	<b><u>1,493,643,778</u></b>	<b><u>1,685,976,319</u></b>
Current liabilities and accruals	7,031,755	7,484,920	13,208,865
Deferred Tax	48,715,476	0	0
Margin Loans - Net	<u>407,231,374</u>	<u>75,494,712</u>	<u>195,376,836</u>
<b>Total Liabilities</b>	<b><u>462,744,095</u></b>	<b><u>82,979,632</u></b>	<b><u>208,585,701</u></b>
<b>Net assets</b>	<b><u>\$1,812,179,703</u></b>	<b><u>1,410,664,146</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>188,703,163</u>	<u>(212,448,802)</u>	<u>(145,722,330)</u>
<b>Total equity</b>	<b><u>\$1,812,179,703</u></b>	<b><u>1,410,664,146</u></b>	<b><u>1,477,390,618</u></b>

These financial statements were approved for issue by the Board of Directors on 8 July 2021 and signed on its behalf by:



**John Jackson**-Chairman



**John Mahfood** -Director

## Unaudited Statement of Profit or Loss

	Quarter Ending		Nine Months ending	
	June 2021	June 2020	June 2021	June 2020
Gains/(losses) from investments (Note 4)	217,700,236	100,436,483	476,982,117	(521,858,119)
Unrealised currency gain/(loss)	11,099,726	24,134,031	(388,333)	8,258,186
Dividend and interest income	<u>6,428,673</u>	<u>4,323,980</u>	<u>23,968,852</u>	<u>19,742,008</u>
	<u>235,228,635</u>	<u>128,894,494</u>	<u>500,562,636</u>	<u>(493,857,925)</u>
Administrative and other expenses	12,933,300	10,475,196	36,937,832	31,579,808
Interest expense	<u>7,930,752</u>	<u>2,481,545</u>	<u>20,978,833</u>	<u>14,275,757</u>
<b>Profit/(Loss) before taxation</b>	214,364,583	115,937,753	442,645,971	(539,713,490)
<b>Taxation (Charge)/credit (Note 6)</b>	<u>(50,655,125)</u>	<u>(574,892)</u>	<u>(108,220,478)</u>	<u>78,663,478</u>
<b>Profit/(Loss) for the period being total comprehensive income</b>	<u>\$163,709,458</u>	<u>115,362,861</u>	<u>334,425,493</u>	<u>(461,050,012)</u>
<b>Basic Earnings/(Loss) per share (Note 8)</b>	<u>\$0.12</u>	<u>\$0.08</u>	<u>\$0.25</u>	<u>(\$0.34)</u>

## Unaudited Statement of Cash Flows

	Nine Months Ending		Year Ending
	June 2021	June 2020	September 2020
Income/(Loss) after taxation	334,425,493	(461,050,012)	(394,323,540)
Taxation	108,220,478	(78,663,478)	(133,158,335)
Net unrealised investment (gains)/losses	(409,694,623)	538,494,762	368,097,498
Accounts payable/Margin Loans	<u>254,158,394</u>	<u>(473,130,284)</u>	<u>(395,934,280)</u>
	<u>287,109,742</u>	<u>(474,349,012)</u>	<u>(555,318,657)</u>
Net (Purchases) of Quoted Investments	(274,676,490)	(573,162,302)	(633,970,400)
Taxation paid/other	(4,685,435)	(2,852,394)	(3,982,907)
Accounts receivable	<u>(5,212,377)</u>	<u>1,110,746,263</u>	<u>1,194,180,018</u>
	<u>(284,574,302)</u>	<u>534,727,992</u>	<u>556,226,711</u>
Increase in cash and bank balances	2,535,440	60,382,555	908,054
Cash and bank balances-beginning of period	<u>1,044,754</u>	<u>(49,558,666)</u>	<u>136,700</u>
Cash and bank balances-ending of period	<u>\$3,580,194</u>	<u>10,823,889</u>	<u>1,044,754</u>





## Unaudited Statement of Changes in Shareholders' 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	0	499,018
Total comprehensive (loss)	<u>0</u>	<u>(461,050,012)</u>	<u>(461,050,012)</u>
Total equity at 30 June 2020	<u>\$1,623,112,948</u>	<u>(212,488,802)</u>	<u>1,410,664,146</u>
Total equity at 30 September 2020	<u>1,623,112,948</u>	<u>(145,722,330)</u>	<u>1,477,390,618</u>
Total comprehensive income	<u>363,592</u>	<u>334,425,493</u>	<u>334,789,085</u>
Total equity at 30 June 2021	<u>\$1,623,476,540</u>	<u>188,703,163</u>	<u>1,812,179,703</u>



# Notes to the Financial Statement

## 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 June 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 period ended 30 June 2021 comprised:

	Quarter Ending		Nine Months Ending	
	June 2021	June 2020	June 2021	June 2020
Realised gains - Jamaica	11,145,042	(33,503,026)	536,581	(7,752,843)
Realised gains - Overseas	10,343,896	18,506,093	66,750,913	24,389,485
Unrealised gains/(losses) -Jamaica	144,881,183	83,194,588	336,444,985	(527,156,553)
Unrealised gains/(losses )-Overseas	<u>51,330,115</u>	<u>32,238,828</u>	<u>73,249,638</u>	<u>(11,338,208)</u>
<b>Total</b>	<u>217,700,236</u>	<u>100,436,483</u>	<u>476,982,117</u>	<u>(521,858,119)</u>

## Notes to the Financial Statement

### 5. Overdraft

As at 30 June 2021, the Company's assets were charged in the sum of \$145,312,403 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 30 June 2021.

### 6. Taxation

Taxation for the nine months to 30 June comprises	2020	2021
Income tax withheld at source on dividend income	4,685,292	2,852,394
Deferred taxation	<u>103,535,186</u>	<u>(81,515,872)</u>
<b>Total</b>	<b><u>\$108,220,478</u></b>	<b><u>78,663,478</u></b>

### 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>
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### 8. Net Asset Value (NAV) per share

The Net Asset Value per share as at 30 June 2021 was \$1.33 (30 June 2020 - \$1.03) and this was derived by dividing the net assets of the company of \$1,812,179,703 (2020 - \$1,410,664,146) by the 1,365,000,015 shares issued and outstanding as at 30 June 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.



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