

QWI INVESTMENTS LIMITED  
ANNUAL REPORT 2021





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# Letter to Shareholders Annual General Meeting

25 April 2022

Dear Shareholders,

## Re: Annual Report and Annual General Meeting

Our Annual General Meeting (AGM) for 2021 is scheduled for 10:00 a.m. on the 19th day of July 2022 to consider items on the agenda and will be held pursuant to the provisions of the enclosed Court Order dated 18 June 2021.

The AGM will be preceded by the following:

Adjourned Extraordinary General Meeting at 9:00 a.m.  
Adjourned Annual General Meeting at 9:15 a.m. and  
Extraordinary General Meeting at 9:30 a.m.

Kindly pay attention to the following:

- Your Annual Report for the Year ended 30 September 2021 will only be available via the website links: [www.qwiinvestments.com](http://www.qwiinvestments.com) and [www.jamstockex.com](http://www.jamstockex.com)
- Going forward, the Company will no longer automatically mail out Annual Reports. These will be available electronically. Printed copies for 2021 will be provided on request no later than 19 July 2022.

## NOTICE TO ALL MEMBERS:

The following shall apply to the Adjourned EGM and AGM, as well as the AGM and EGM:

### (1) Quorum And Attendance

- (a) The Chairman of the Company, the Company Secretary, and any Director(s) of the Company, being physically present at the EGMs and AGMs, shall constitute and be above the minimum quorum; or in the absence of any such person(s), any other staff member of the Company being shareholder(s) and physically present at the EGMs and AGMs may take the place of such person(s) and shall constitute the quorum.
- (b) All shareholders who attend the meetings will be required to wear properly fitted masks and comply with all other COVID-19 precautions and protocols, including layout, seating and sanitizing.

### (2) Electronic Access

The EGMs and AGMs will be live streamed at [www.qwiinvestments/aggm](http://www.qwiinvestments/aggm)

### (3) Voting And Resolutions

No new resolutions or amended resolutions will be facilitated at the Adjourned EGM and AGM.

## IMPORTANT NOTE FOR MEMBERS WHO ARE NOT ABLE TO ATTEND:

1. A member entitled to attend and vote at the Adjourned EGM/AGM and EGM/AGM is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of the Company.
2. The person so authorized as proxy shall be entitled to exercise the same powers as the member whom he/she represents.
3. Proxy Forms must be lodged at Jamaica Central Securities Depository Limited at 40 Harbour Street, Kingston, at least forty-eight (48) hours before the time appointed for holding the Adjourned EGM and AGM and also the EGM and AGM.
4. The Proxy Form shall bear the stamp duty of One Hundred Jamaican Dollars (J\$100.00) before being signed. The stamp duty may be paid by adhesive stamp(s) to be cancelled by the person executing the Proxy.
5. The Proxy Forms must be downloaded from [www.qwiinvestments.com](http://www.qwiinvestments.com)

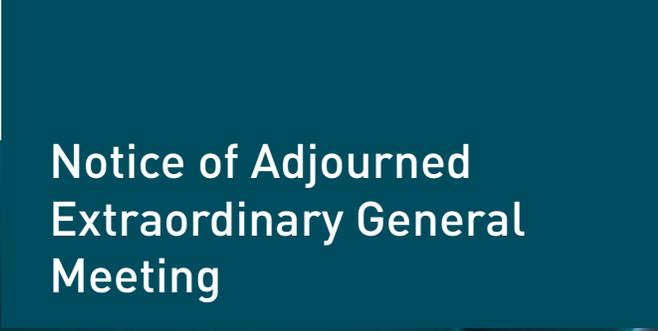
We thank you for your understanding, as we continue to navigate these times together to protect against COVID-19 and we encourage you to keep well.

We look forward to your participation.

## QWI INVESTMENTS LIMITED



John Jackson  
Chairman



## Notice of Adjourned Extraordinary General Meeting

NOTICE IS HEREBY GIVEN that the Extraordinary General Meeting of the members of QWI Investments Limited ("Company") adjourned on the 30th day of March 2021 will be convened and held at the Jamaica Pegasus, 81 Knutsford Boulevard, Kingston 5, pursuant to, among other things, the provisions of the enclosed Court Order dated 18 June 2021, at 9:00 a.m. on the 19th day of July 2022, to transact the business set forth in the Company's Notice of Extraordinary General Meeting 2021 (the "EGM Notice") dated the 22nd day of January 2021.

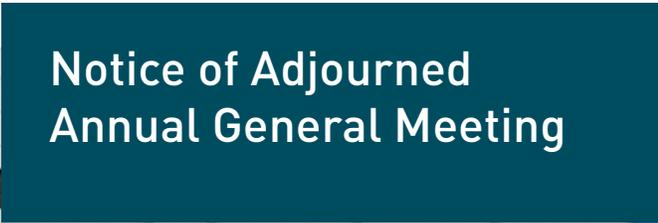


Printed copies of the EGM Notice were previously sent to shareholders on the 22nd day of January 2021.

BY ORDER OF THE BOARD  
Dated the 25th day of April 2022



Cameron Burnet  
Company Secretary



## Notice of Adjourned Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the members of QWI Investments Limited ("Company") adjourned on the 30th day of March 2021 will be convened and held at the Jamaica Pegasus, 81 Knutsford Boulevard, Kingston 5, pursuant to, among other things, the provisions of the enclosed Court Order dated 18 June 2021, at 9:15 a.m. on the 19th day of July 2022, to transact the business set forth in the Company's Notice of Annual General Meeting (the "AGM Notice") dated the 22nd day of January 2021.



Printed copies of the AGM Notice were previously sent to shareholders on the 22nd day of January 2021.

BY ORDER OF THE BOARD  
Dated the 25th day of April 2022



Cameron Burnet  
Company Secretary

*We thank you for your understanding as we continue to navigate these times together to protect against COVID-19 and we encourage you to keep well.*

# Notice of Extraordinary General Meeting

Notice is hereby given that an Extraordinary General Meeting of the members of QWI Investments Limited (the “Company”) will be held at the Jamaica Pegasus, 81 Knutsford Boulevard, Kingston 5, at 9:30 a.m. on the 19th day of July 2022 pursuant to the provisions of the enclosed Court Order dated 18 June 2021, for the purpose of transacting the following business:

## 1. Adoption of Amended Articles of Incorporation

WHEREAS:

- (a) Government protocols and measures to control the spread of COVID-19, including various restrictions on public gatherings including the holding of in person general meetings of companies, have underscored the desirability of the Company being able to hold general meetings of members electronically; and
- (b) The provisions of the Company’s present Articles of Incorporation do not permit or

facilitate the Company holding general meetings of members electronically; and

- (c) It is therefore proposed that the Company adopt new Articles of Incorporation that, among other things, permit and facilitate the Company holding general meetings of members electronically.

To consider and, if thought fit, pass the following as a Special Resolution:

Be it resolved that:

“The new Articles of Incorporation, a copy of which is available for inspection at the Company’s office at 2 Bell Road, Kingston 11, and at the Company’s website [www.qwiinvestments.com](http://www.qwiinvestments.com), be approved and adopted by the Company in place of the Company’s present Articles of Incorporation, and the Directors be and are authorized and directed to register such Articles of Incorporation with the Office of the Registrar of Companies with or without such amendments as the

Board of Directors of the Company may deem appropriate, after receiving any requisitions from the Registrar of Companies.”

## 2. Revision of Hurdle and Remuneration of Investment Committee

WHEREAS:

- (a) In the Company's Prospectus dated 9th September 2019, the incentive payments to members of the Investment Committee (“IC”) of the Company under the Company's Investment Incentive Plan (“ICP”) were stated to be, and have continued to be, the following: “The members of the Investment Committee may be entitled to certain incentive fees pursuant to the Company's Investment Incentive Plan (ICP). Under the ICP, the Investment Committee members are entitled to receive 10% of the Net Investment Return (NIR) of the Company in excess of the Hurdle Rate established by the Company's Directors where: “NIR” means the total realised and unrealised gains of the Company less any finance costs incurred by the Company to fund the investments that produced the realised and unrealised gains; and ‘Hurdle Rate’ means the percentage change of the MSCI ACWI All Cap Index in United States dollars for the corresponding incentive period applied to the average of the Company's investments for such period.”
- (b) Since 2019, in taking advantage of attractive investment opportunities, a high concentration of the Company's investments is in the Jamaican stock market and these investments are likely to be maintained for the immediate future, a position which differs from the investment markets targeted in 2019.
- (c) Given this concentration of investments in Jamaica, the MSCI ACWI All Cap Index is not considered the most suitable index to benchmark the Company's performance and assess the performance of the IC.

(d) It is therefore proposed to adjust, from the beginning of the Company's present financial year on 1st October 2021, the Hurdle and ICP as follows:

- (i) change the Hurdle to the JSE Combined Index;
- (ii) reformulate the ICP to include a fixed fee and incentive component.

To consider and, if thought fit, pass the following Ordinary Resolution:

Be it resolved that:

“Effective the 1st day of October 2021, the remuneration of the individuals comprising the Investment Committee (“IC”) of the Company, or of any corporate body authorized to manage the fund under the Company's Investment Incentive Plan (“ICP”) shall be as follows: each IC member, or such corporate body, shall be paid (i) an annual retainer fee of J\$2,500,000, (ii) a fixed annual fee equal to 0.2% of the net value of the portfolio to be paid (as the case may be) to such corporate body or paid to and divided amongst the IC members as decided by the Board of Directors, and (iii) an annual incentive fee equal to 7% of the net investment returns above the Hurdle (being the JSE Combined Index) for the financial year to be paid (as the case may be) to such corporate body or paid to and divided amongst the IC members as decided by the Board of Directors; PROVIDED always that aggregate of the fees referred to at (i), (ii), and (iii) above shall not exceed the amount which is equal to 3.0% of the Company's Net Asset Value in any one financial year”.

BY ORDER OF THE BOARD

Dated the 25th day of April 2022



Cameron Burnet  
Company Secretary

# Notice of Annual General Meeting

Notice is hereby given that an Annual General Meeting of the members of QWI Investments Limited (the “Company”) will be held at the Jamaica Pegasus, 81 Knutsford Boulevard, Kingston 5, at 10:00 a.m. on the 19th day of July 2022, pursuant to, among other things, the provisions of the enclosed Court Order dated 18 June 2021, for the purpose of transacting the following business:

1. To receive and approve the Audited Financial Statements for the year ended 30 September 2021 and the reports of the Directors and the Auditors circulated herewith.

To consider and, if thought fit, pass the following resolution: -

## Resolution No. 1

“THAT the Audited Financial Statements for the year ended 30 September 2021 and the reports of the Directors and the Auditors circulated with the Notice convening the meeting, be and are hereby received.”

2. To consider person(s), if any, proposed for election and willing to be elected as Director(s) of the Company received between 6th July 2022 and 12th July 2022.

To consider and, if thought fit, pass the following resolution: -

## Resolution No. 2

“THAT any Notice(s) of person(s) proposed for election, and any Notice(s) of the willingness of such person(s) to be elected, as Director(s) of the Company between 5th July 2022 and 12th July 2022, be considered.”

3. To appoint Auditors and authorize the Directors to fix the remuneration of the Auditors.

To consider and, if thought fit, pass the following resolution: -

### Resolution No. 3

"THAT KPMG, Chartered Accountants, having signified their willingness to continue in office as Auditors, be and are hereby appointed Auditors of the Company to hold office until the next Annual General Meeting at a remuneration to be fixed by the Directors of the Company."

4. To declare no dividend for the year ended 30 September 2021.

To consider and, if thought fit, pass the following resolution: -

### Resolution No. 4

"THAT no dividend be declared in respect of the year ended 30 September 2021."

5. To approve the remuneration of the Directors.

To consider, and if thought fit, pass the following resolution: -

### Resolution No. 5

"THAT the amount shown in the Audited Financial Statements for the year ended 30 September 2021 as fees to the Directors for services as Directors, be and is hereby approved."

6. To approve share buyback.

As special business, to consider and if thought fit, pass the following as a special resolution:

### Resolution No. 6

"THAT the Company be and is hereby authorized to make Open Market Purchases of its own shares ("Shares") on such terms and in such manner as the Directors shall from time to time determine, provided that:

- (i) the maximum price (exclusive of expenses), which may be paid for each of the Shares, shall not exceed 85% of

the Net Asset Value per share of the Company last published by the Company at the time of such purchase;

- (ii) any market purchases shall be carried out in accordance with and subject to the applicable Rules of the Jamaica Stock Exchange and any relevant laws of Jamaica;
- (iii) the Secretary of the Company shall – (A) cause a copy of this special resolution, along with a copy of the statutory declaration made by the Directors of the Company, in accordance with section 58 of the Companies Act, to be filed at the Companies Office of Jamaica pursuant to section 139 thereof, and (B) do such other acts and things as may be lawfully required to give effect to the foregoing; and
- (iv) the Registrar and Transfer Agent of the Company, or the Secretary of the Company, shall make the required entries in the Company's register of members to reflect the said purchase of Shares by the Company."

BY ORDER OF THE BOARD

Dated the 25th day of April 2022



Cameron Burnet  
Company Secretary



## Corporate Data

### **BANKERS:**

Bank of Nova Scotia Ja. Ltd.  
Scotiabank Centre  
Cnr. Duke & Port Royal Streets  
P.O. Box 709, Kingston

National Commercial Bank Ja. Ltd.  
The Atrium  
32 Trafalgar Road  
Kingston 10

Sagicor Bank Ja. Ltd.  
Head Office  
17 Dominica Drive  
Kingston 5

### **REGISTRAR & PAYING AGENT:**

Jamaica Central Securities Depository  
40 Harbour Street  
Kingston

### **ATTORNEYS-AT-LAW:**

Hart Muirhead Fatta  
2nd Floor  
The Victoria Mutual Building  
53 Knutsford Boulevard  
Kingston 5

### **AUDITORS:**

KPMG Chartered Accountants  
6 Duke Street  
Kingston

## Shareholdings of Note



### 10 LARGEST PRIMARY ACCOUNT HOLDERS

### UNITS

Jamaican Teas Limited Buying Account	309,264,832
KIW International Limited	245,000,005
NCB Capital Markets Ltd. A/C 2231	40,998,918
NCB Insurance Agency And Fund Managers Ltd	23,732,595
JCSD Trustee Services Limited	
A/C Barita Unit Trust Capital Growth Fund	19,759,783
Mayberry Jamaican Equities Limited	18,023,408
Amalgamated (Distributors) Limited	16,207,398
Development Bank Of Ja Ltd. Pension Fund	14,520,669
MF&G Asset Management Ltd. - NCB CM Unit Trust	
Scheme (JMD Caribbean Equity Portfolio)	14,012,523
David Anthony Stephens	13,500,000

### Total Percentage Of Shareholdings

**52.38%**

### DIRECTORS AND CONNECTED PARTIES

John Mahfood	Chief Executive Officer	6,123,825
John Jackson	Director	6,532,692
	Connected Party Holdings	4,321,994
	Combined Holdings	10,854,686
Cameron Burnet	Director	2,025,000
David Anthony Stephens	Director	13,500,000
Carl Carby	Director	Nil
	Connected Party Holdings	6,000,000
	Combined Holdings	6,000,000
Evan Thwaites	Director	Nil

## Corporate Governance

QWI Investments Limited (QWI) was incorporated as an Investment and Management Company in 2018 and is a member of the Jamaican Teas Group.

Jamaican Teas Limited (JTL) administers the functions of QWI including the provision of accounting, company secretary, administration and compliance services.

The successful listing of QWI on the main market of the Jamaica Stock Exchange (JSE) in 2019 is wholly directed to ***Building Wealth for our Investors***, guided by our Mission to deliver above average returns on capital employed over the short to medium term, as we pool management resources and shareholders' savings to maximize returns.

The governance of the Company is structured around an organizational framework that manages and monitors our objectives, supported by a professional group of skilled personnel comprised of the Board of Directors, its Committees, advisors, employees and the Board of JTL.

### Board of Directors

The Board of Directors reinforces the structural pillars of the Company, actively and proactively engaging in investment decisions, in the best interest of its shareholders and stakeholders. The Directors' expertise encompasses General Management, Accounting, Legal, Finance and Investments.

The Corporate Governance framework seeks to:

- Ensure achievement of QWI's long-term strategic goals including that of its shareholders, stakeholders and employees
- Ensure that sound and fair business ethics are applied in all the Company's dealings
- Achieve compliance with all legal and regulatory requirements in the operations of the Company's business, according to the Code of Corporate Governance
- Provide access to information, internal changes and other matters via strategic media placements and its corporate website

The Board comprises John Jackson, (Chairman), John Mahfood, Cameron Burnet, David Stephens, Malcolm McDonald, Evan Thwaites and Carl Carby. Evan Thwaites joined the Board by invitation on 1 January 2021 and Carl Carby will retire from the Board at the conclusion of the Company's Annual General Meeting to be held in 2022.

The Company's Directors were selected on the basis of their expertise in specific areas required by the Company, as shown below.

Areas of Expertise	John Jackson	John Mahfood	Cameron Burnet	Evan Thwaites	David Stephens	Carl Carby	Malcolm McDonald
Finance & Accounting	•	•	•	•		•	
General Management	•	•	•	•	•	•	
Investment Experience	•	•	•	•	•	•	•
Public Company Experience	•	•		•	•	•	•
Independent				•	•	•	•

The Board members met eight times during the year to September 2021 to discuss the operations of the Company. In addition to the requisite qualifications for Directors upon the listing of the Company, John Mahfood and Cameron Burnet applied for and were registered as Investment Advisors licensed by the Financial Services Commission.

### Corporate Governance Policy

The Company adheres to the Corporate Governance principles and standards in compliance with the Private Sector Organization of Jamaica's (PSOJ) Code of Conduct, in maintaining and evaluating the conduct of the Board of Directors and members of the Committees.

The Company's Code of Conduct holds Directors and Committee members accountable to high standards of professionalism, integrity and due diligence in their performance. Areas of conflict of interest, in accordance with the rules and regulatory requirements of the Jamaica Stock Exchange (JSE) and the Financial Services Commission (FSC), are clearly outlined and monitored continuously.

Our responsibility to our regulators and shareholders lies in ensuring access to the Company's website, timely dissemination of Quarterly and Annual Reports and any other information of import.

### Committees

The Board of Directors is supported by two committees: - The Audit Committee and The Investment Committee.

The Audit Committee is comprised of four Directors, three of whom are independent. This Committee is chaired by Carl Carby with members Malcolm McDonald, David Stephens and Cameron Burnet. Carl Carby, David Stephens and Malcolm McDonald are independent members.

Their terms of reference entail the oversight of good fiscal discipline, financial reporting, timely disclosure, listing and reporting on compliance. In 2020/21, the Audit Committee met three times.

The Investment Committee manages the Company's portfolio of investments and has a complement of three directors, one of whom is independent. The Committee is chaired by John Jackson. The other members are David Stephens and Cameron Burnet.

They are charged with the responsibility of formulating and recommending investment decisions that will generate dividend and capital return on investments from a diverse portfolio of securities and other instruments listed on the JSE and international exchanges.

# GOVERNANCE

During the financial year, the Investment Committee largely met on and operated pursuant to Investment Policy guidelines issued by the Board. These guidelines limit the extent to which the Company's investments may be placed in certain specified types of instruments, industry groups, single securities and overseas geographic areas, as well govern borrowing practices, prohibit certain types of investments and mismatching of currency borrowings and assets.

## Independent Directors

Independent Directors are assessed on the independence of their character and judgement and whether their relationships or circumstances are likely to, or could seemingly, pose a conflict or affect their judgement.

The Board may determine whether a Director is independent, notwithstanding the existence of a relationship or circumstance, which may appear relevant to its determination, including whether the Director had been: -

- an employee of the Company within the last five (5) years or
- has had, within the last three (3) years, material business relations with the Company either
- directly as a partner, shareholder, director or senior employee of a body that had such a relationship with the Company.

## Performance Evaluation and Attendance

The Board of Directors and Committees will be evaluated on their individual performance, effectiveness and attendance at meetings.

During the period to September 2021, the number of meetings convened were eight (8) and attendance as follows:

Directors	Board Meetings
John Jackson	8
Carl Carby	8
John Mahfood	8
David Stephens	7
Cameron Burnet	8
Malcolm McDonald	8
Evan Thwaites	6

## Compliance

Since October 2019, the Company has been compliant with:

- The Securities Act and its insider trading regulations
- Regulations relating to the disclosure of transactions with any related party
- The Listing Rules of the Jamaica Stock Exchange
- Filing Annual Financial Statements for 2020 within the periods required by the Listing Rules of the JSE and with the FSC.



On 30 December 2021, KPMG, independent auditors of the Company, issued an unqualified audit opinion on the Company's 2021 Annual Financial Statements.

### Compensation of Directors

The total fees paid to QWI's Directors in 2021 was \$7.76 million. These fees are subject to the approval of the shareholders at the Company's next Annual General Meeting, at which the 2021 Financial Statements are to be reviewed and approved.

In addition to an annual fee, each Director of QWI is entitled to participate in the Company's share option schemes, which are described in detail in Note 12 of the Company's 2021 Audited Financial Statements.

Under the stock option plan, each of the Directors may exercise options to buy 1 million QWI shares per annum (1.2 million shares by the Chairman) in whole, or in part, within five years of 31 July 2019. The price to be paid will be \$2.70 per share, twice the initial price at which the shares were offered during the IPO.

The subscription price for the shares is payable in full at the time that the option is exercised. Each option will be deemed forfeited, if not exercised within five years of the date that it became available. A further amount of 10 million shares for future stock options has been reserved, in addition to the initial 31 million set out in the stock option plan.

### Compensation of Investment Committee Members

The members of the Investment Committee are not entitled to any fixed annual fees for their work but may receive certain compensation payments, arising from their participation in the Investment Incentive Plan (IPP) established by the Company. Under the IPP, the Investment Committee members are entitled to receive 10 percent of the Net Investment Return (NIR) of the Company in excess of the Hurdle Rate established by the Company's Directors where:

'NIR' is the total realised and unrealised gains of the Company less any finance costs incurred by the Company to fund the investments that produced the realised and unrealised gains; and 'Hurdle Rate' is the percentage change of the MSCI ACWI All Cap Index in United States dollars for the corresponding incentive period applied to the average of the Company's investments for such period.

The MSCI ACWI All Cap Index is a composite index of 14,480 small, mid and large cap companies listed on 23 developed markets and 24 emerging markets around the world. The index is published by MSCI Inc. (MSCI).

MSCI is owned by Morgan Stanley Inc, one of the largest investment banks and fund managers in the USA. All MSCI indices are published on a daily basis and are widely followed by investment managers around the world.

No fees were paid in the 2020/21 financial year, as the performance of the fund did not meet nor exceed the formula for fees to be paid.

## Chairman's Report

QWI closed a profitable year in September 2021 as the stock markets in Jamaica and the USA benefitted from increased investor interest over 2020. Profit rose sharply reversing the major loss during the turbulence of 2020 when the advent of COVID-19 caused stock markets worldwide to decline, from which many stocks have yet to recover.

At the end of our financial year, QWI's share portfolio had grown 39.9 percent to close the period at \$2.3 billion. After accounting for net borrowings and the provision of taxation on net gains, the Company's net assets closed at \$1.8 billion—23.6 percent higher than at the end of September 2020.

Careful stock selections resulted in profit before provision for taxation of \$461.7 million and \$349.8 million after tax. This compares with a loss of \$527 million in 2020 before a tax credit of \$133 million, resulting in loss after tax of \$394 million in 2020.

### Local Market

The stock market's performance in the 2020/21 financial year was mixed with the Junior Market growing 29 percent in the year ended September 2021, whereas the Main Market only grew by 9 percent.

During the year, we trimmed some of our holdings in Main Market stocks and increased several of our Junior Market holdings. The strategy paid off and the portfolio benefitted from our participation in most of the best performing stocks in the period.

John Jackson, Chairman

These included:

<b>STOCKS</b>	<b>% INCREASE</b>
RJRGleaner	213
Lumber Depot	170
Caribbean Cement	131
Caribbean Producers	106
MailPac	87
Jamaican Teas	75
Honey Bun	74
GraceKennedy	68
Caribbean Cream	45
Stationery and Office Supplies	44
Lasco Manufacturing	40
JMMB Group	24

Unfortunately, our holdings in Access Financial Services declined further during the year by 33 percent but has since partially recovered.

### **The US Portfolio**

The US portfolio continued to contribute to the Company's performance with gains of J\$118 million or 22 percent of the total investments for the year, confirming that diversifying the portfolio is still of significant benefit.

### **Dividend Income**

The portfolio generated \$35.5 million in dividend income compared to \$23 million in the prior year, even as a number of local financial institutions either reduced or curtailed dividend payments.

### **General Commentary**

Modest leveraging is used to finance our purchases of stocks, which resulted in interest expenses for the year amounting to \$20 million versus \$25 million in 2020.

Interest rates that were kept low for several years have started to rise. However, we do not believe the increase will be so steep as to seriously affect the markets negatively for any prolonged period. We are of the view that profits for a number of the companies

will likely be robust enough to overcome any drag effect that rising interest rates will have and that increases in stock prices will continue to September 2022 as they did in 2021.

The Investment Committee met on a weekly basis during the period, except on a few occasions, to review the portfolio and the markets within which we invest as well as economic developments.

The Committee keeps abreast of the markets daily, allowing us to be proactive in making strategic moves, if needed between meetings.

### **Stock Price**

The Directors are of the view that QWI's stock is grossly undervalued, especially in light of the Company's performance during the last year. We had planned to partially address this matter through the buy back of our shares in the open market. But due to the delay in reconvening our AGM because of COVID restraints, seeking shareholder approval for such share buy backs has had to be deferred until the Annual General Meeting is held in 2022.

### **The Economy**

The US economy continues to record growth, some of which has been helped by stimulus measures implemented by the government and low interest rates, which are expected to rise especially in light of the recent uptick in inflation. The increased rates may slow stock market performance but there are likely to be opportunities to generate gains, regardless of the overall macro environment.

Locally, the Jamaican economy is showing strong signs of recovery with a 14.2 percent rise in Q2 GDP. Tourism arrivals have rebounded sharply and could be back to or close to normal levels in 2022, which will deliver higher foreign exchange inflows. Remittances that already grew strongly to October equaling the gross inflows for all of 2020 should hold up in the period ahead but at a much slower pace than for the past two years.

# Directors' Report

To Shareholders of the Company for the year ended September 2021.

The following highlights the operating performance for the year to September 2021 with comparisons for 2020.

<b>FINANCIAL RESULTS</b>	<b>2021</b>	<b>2020</b>
(Loss)/profit before taxation	461,768,133	(527,481,875)
Taxation	(112,002,50)	133,158,335
<b>(Loss)/profit for the year</b>	<b>\$349,765,62</b>	<b>(394,323,540)</b>
Earnings per share	\$0.26	(0.28)
Net Asset Value (NAV) per share	\$1.34	1.08
Shareholders' equity at year end	\$1,827,156,247	1,447,390,618
Total amount invested in equities	\$2,278,660,838	1,629,020,577

The Company's first full year of operation to September 2020 was turbulent, due to the unpredictable downturn resulting from the COVID-19 pandemic, which surfaced in March 2020.

In 2021, the impact of COVID began to reverse at varying degrees around the world.

During the financial year to September 2021, the Jamaica Stock Exchange (JSE) index grew approximately 9 percent from 30 September 2020, but the S&P 500 and the MSCI ACWI large and mid-cap stocks increased 20.3 percent and 26.4 percent respectively.

(S&P 500— a stock market index that measures the stock performance of 500 large companies listed on stock exchanges in the United States)

(MSCI ACWI— a global equity index designed to represent performance of the full opportunity set of large and mid-cap stocks across 23 developed and 27 emerging markets)

The Net Asset Value (NAV) of QWI's shares increased 16.5 percent, largely mirroring or exceeding the rate of recovery in the USA and Jamaica stock market indices during the period.

### Developments Post Year End

The Company has achieved its immediate objective of returning the NAV per share to the levels enjoyed prior to the advent of COVID-19 and we now look forward to growing your Company's capital over the long-term.

### Future Prospects

Your Directors have taken note of the depressed level of QWI's share price, which closed at 87 cents per share at the end of 30 December 2021, compared with our unaudited NAV per share of \$1.41, a discount of more than 40 percent. This has not been lost on Jamaican Teas, our largest shareholder, which acquired an additional 72.6 million shares in the Company in the year ended 30 September 2021 and a further 45 million shares in December 2021, thereby lifting their total holdings to 25 percent.

Together with KIW International Limited's existing holding of 18 percent, Jamaican Teas member companies now hold 43 percent of QWI's issued share capital. There could be no better measure of confidence than that of our founding shareholders in the future of QWI Investments.

### The Board of Directors

The Directors as at 30 September 2021 were:

John Jackson - Chairman

John Mahfood

Carl Carby

Cameron Burnet

David Stephens

Malcolm McDonald

Evan Thwaites

Carl Carby will be retiring immediately following our upcoming Annual General Meeting (AGM) in July 2022. We express our thanks to him for his services to the Board for over two years. The Directors welcomed Chartered Insurer, Evan Thwaites to the Board on 1 January 2021.

The AGM will consider new articles and amendments to the Investment Committee's Incentive Scheme.

The Company's auditors, KPMG, Chartered Accountants, have expressed their willingness to continue and will offer themselves for reappointment. A resolution authorizing the Directors to fix their remuneration will be presented at the AGM.

The Directors wish to express appreciation to the staff, shareholders and other stakeholders for their continued support.

## Board of Directors



### John Jackson Chairman

#### AREAS OF EXPERTISE

Accounting & Auditing  
Investing & Finance  
General Management  
Economic & Investment  
Analysis  
Public Speaking &  
Commentary

#### EDUCATION

Fellow Institute of  
Chartered Accountants of  
Jamaica  
Southwest London  
College, UK  
Investment University,  
Oxford Club

John, a Chartered Accountant, is the Chairman of the Board of QWI. He is highly regarded locally and internationally for his investment acumen and the financial website ICInsider.com

Known as the Investment Guru, he is widely acclaimed for nurturing investor education and building interest in the stock market and other investment options, through his brainchild, The INVESTMENT SERIES, a highly anticipated calendar event during the latter 1990s and early 2000s. Today, thousands of Jamaicans acknowledge the increased wealth they have enjoyed by following his prudent and scholarly advice.

John is also Chairman of Jamaican Teas and Jetcon Corporation, both of which are listed on the Junior Market of the Jamaica Stock Exchange. He has served as Chairman of KIW International since 2008. He is a former Chairman of Jamaica Deposit Insurance Corporation (JDIC), and a former Director of the Development Bank of Jamaica (DBJ). He is involved in other private entities and also has served on the boards of a number of other companies in the past, including Eagle Unit Trust, as Chairman of the Investment Committee, an entity now owned by Scotia Investments Limited.

He is a public speaker and commentator on a variety of subject matters. John Jackson brings his wide expertise and knowledge to the Board of QWI, including years of research, investment and economic experience.



## John Mahfood Director

### AREAS OF EXPERTISE

Accounting & Auditing  
Mergers & Acquisition  
Restructuring &  
Turnaround  
Growth Strategy  
Public Commentary

### EDUCATION

Certified Public  
Accountant, California  
Fellow Institute of  
Chartered Accountants of  
Jamaica

John is Chief Executive Officer of Jamaican Teas and has been integral to the decision-making and equity investment undertaken by

the Jamaican Teas Group. He brings his penchant for diligence and probity to the Board.

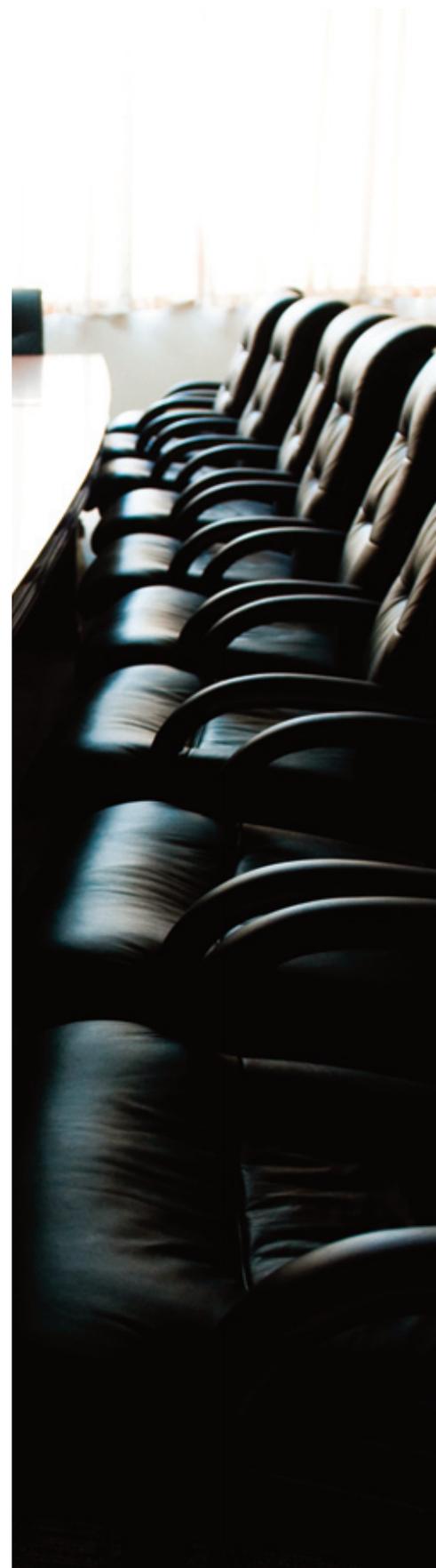
He lives by the inspiration of his late father and co-founder, Adeb J. Mahfood, a man of “honesty, integrity and hard work”. This is the driving philosophy behind the growth and transition of Jamaican Teas from the acquisition of its predecessor, the Tetley Tea Company in 1996, to the Jamaican Teas Group, which has made a major impact in the marketplace since listing on the Junior Market of the Jamaica Stock Exchange in 2010.

John is responsible for developing and implementing guidelines, internal controls and human resource procedures at Jamaican Teas and is experienced in local and international retail and trading.

He was appointed President of the Jamaica Manufacturers and Exporters Association (JMEA) in 2021.

He has received several awards including recognition as a Jamaica Observer Business Leader nominee. Under his leadership, Jamaican Teas has received local and international commendation including:

- Champion Exporter and Champion Manufacturer by the Jamaica Manufacturers' and Exporters' Associations.
- The HACCP (Hazard Analysis Critical Control Point) certification, the internationally recognized risk-based system for managing food safety
- OK Kosher Certification for the Company's Caribbean Dreams line of Herbal Teas.
- The globally recognized Safe Quality Food (SQF) certification.





## Cameron Burnet Director

### AREAS OF EXPERTISE

Accounting & Auditing  
Business Development  
Investment Management  
Business Valuation

### EDUCATION

BSc. Geography,  
1st class Honours,  
University of Newcastle  
upon Tyne, England

Associate of Institute of  
Chartered Accountants of  
England and Wales

Affiliate of Institute of  
Chartered Accountants of  
Jamaica

Cameron is Chief Financial Officer at the Jamaican Teas Group, having joined the Company in July 2017. He oversees the accounting and financial operations of the Group and its member companies.

He is a Chartered Accountant and has over 30 years' financial experience with other food processing and hotel groups in Jamaica and overseas, as well as with two well-known public accounting firms.

Cameron incorporated his first private investment company in Jamaica in 1987 and has since incorporated and managed several other private investment companies here and in the Eastern Caribbean. These investment companies have all been focused on equities listed on the JSE, the U.S.A and Canada.

As a private investor, he has actively invested in companies listed on exchanges in Singapore, Australia and most of the leading exchanges in Europe, and brings this experience to the Board of QWI.



## Carl Carby Director

### AREAS OF EXPERTISE

Accounting  
Business & Management  
Investing  
Publishing

### EDUCATION

Cornwall College,  
Montego Bay, Jamaica

Southwest London  
College, U.K.

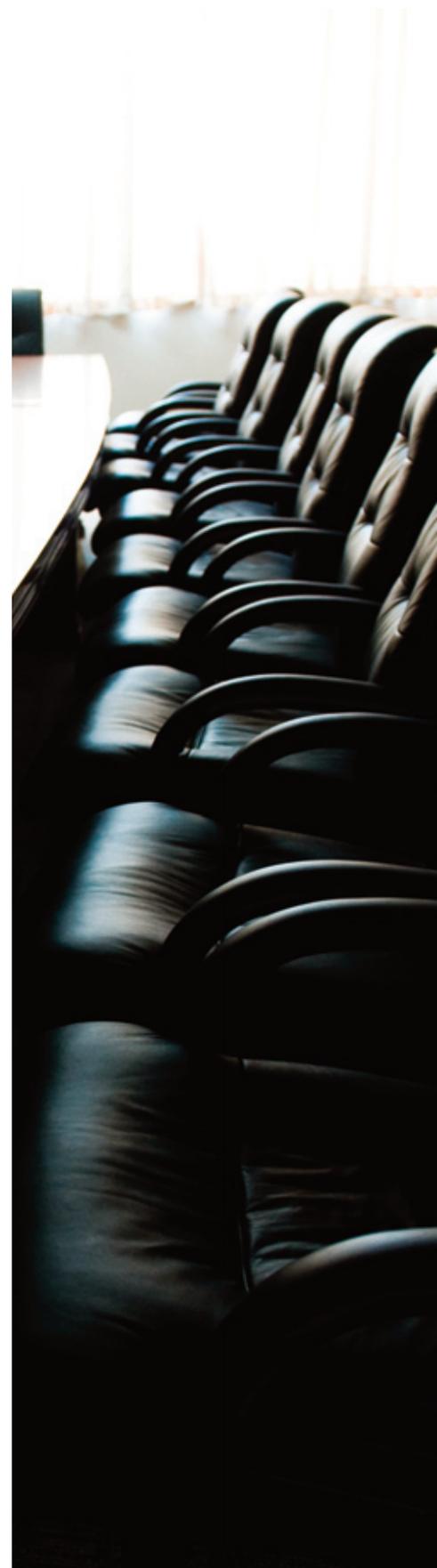
Carl is a Management Accountant with expertise in Finance, Investments and Management. He is the former Executive Chairman of Carlong Publishers

(Caribbean) Limited and Chairman of Sangster's Book Stores.

Prior to Carlong Publishers, which he owns jointly with his wife, Shirley Carby, he served at Bahama Cement Company in Free Port, Grand Bahama, as Accountant and Cost Analyst. He was a Director and Financial Controller for the Caribbean Region at Colgate Palmolive Co. (Jamaica) Limited and Group Financial Controller at T. Geddes Grant (Neal & Massy Group).

In 2007, he was nominated jointly with his wife, Shirley, for the Jamaica Business Leader of the Year Award.

Carl was educated at Cornwall College and South West London College in the United Kingdom.





## David Stephens Director

### AREAS OF EXPERTISE

Entrepreneurship  
Executive Management  
Business Development  
Information Technology  
Investing & Investment  
Analysis

### EDUCATION

BSc. Computer Science &  
Management, University of  
Technology

David is an entrepreneur and private investor with almost two decades experience in Executive Management, Business Development, and Information Technology.

He is currently based in the Cayman Islands where he operates his own business, Apex Perimeter Protection Ltd, a premier supplier of residential and commercial security and construction products throughout the Caribbean.

David recently founded Infinity Capital Partners Ltd, a private equity company that targets mid-size growth companies and real estate opportunities in the Caribbean. He is also a founding shareholder and Director of Appfinity Technologies Limited, a boutique software development company in Jamaica that has developed several in-house software products.

He is an avid investor with strong analytical skills. He has extensive knowledge of traditional investments such as local and international stocks, and non-traditional asset classes such as private equity, and real estate. He frequently performs investment analysis using both fundamental and technical indicators to inform investment decisions.

David was previously a director of KIW International Limited and chaired the Investment Committee. He is also a past board member of INSPORTS and the Agricultural Credit Board.

He completed a Bachelor of Science in Computer Science & Management from the University of Technology, and holds memberships in Rotary International, Jamaica Diaspora Cayman Association, and the International Society of Business Leaders (ISOBL). He is also an Alumnus of Leadership Cayman.



## Malcolm McDonald Director

### AREAS OF EXPERTISE

Commercial Law  
Banking  
Taxation  
Estate Planning  
Conveyancing

### EDUCATION

College of Law, Guildford,  
England

University of Houston,  
Bates School of Law,  
Texas

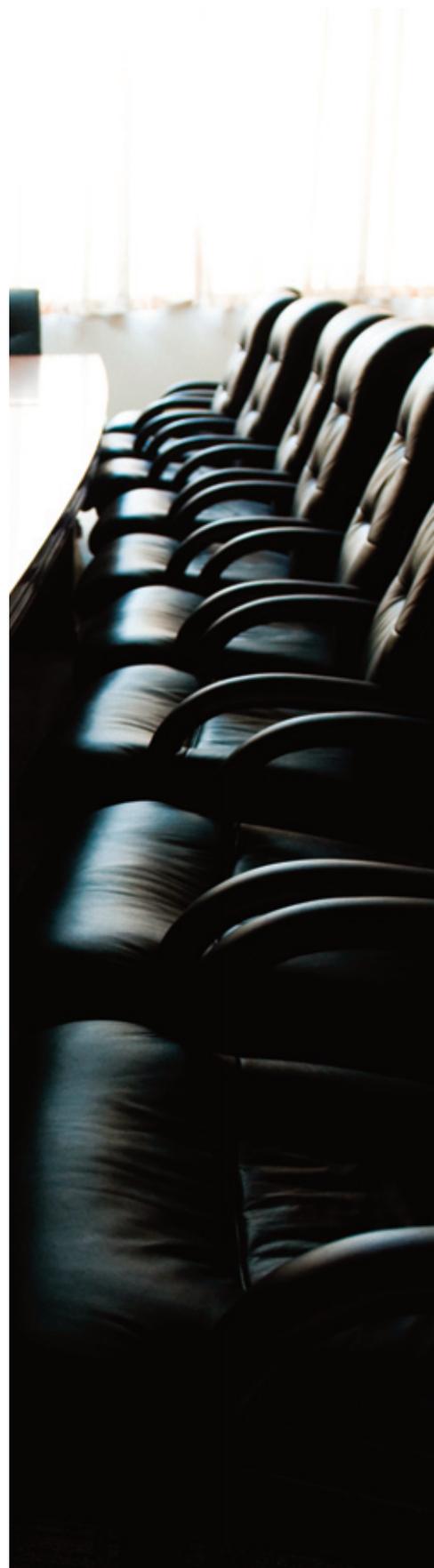
1966 admitted to the Bar  
in Jamaica

1972 admitted as a  
Solicitor of the Supreme  
Court, England

Malcolm is experienced in commercial law with over 53 years of practice in Jamaica, Houston, Texas and England. In 1996, he and Peter Millingen became founding partners of the acclaimed law firm of McDonald Millingen, pursuing a law practice mainly in banking, taxation, conveyancing and estate planning.

In the outstanding journey of his legal career, he was a partner in the former law firm of Ashenheim, Myers & McDonald; Judah, Desnoes & Co., and a litigation attorney in Manton & Hart.

His expertise led him to serve on a number of Boards in varied sectors, including Jamaica Broilers Group from 1992 to 2014. He is highly regarded locally and internationally among his peers and brings to the Board of QWI astute legal skills garnered over years of commercial practice. He formerly served as an adjunct professor in revenue law at the Norman Manley Law School.





## Evan Thwaites Director

### AREAS OF EXPERTISE

Insurance  
Investing  
Management Operations  
Strategic Planning

### EDUCATION

Associate of the Chartered  
Insurance Institute (ACII)

Management Training,  
U.S.A., U.K. and Germany

Wolmer's Boys' School

He served as Managing  
Director at Globe  
Insurance Company of  
Jamaica Limited prior to its  
acquisition by Guardian

Group. He was a consultant at Grace Kennedy Financial Services Limited and a Director of Jamaica International Insurance Company Limited, prior to forming IronRock.

Evan is a Chartered Insurer and Associate of the Chartered Insurance Institute (ACII), and attained training in management in the U.S.A., the United Kingdom and Germany. He is a graduate of Wolmer's Boys' School.

# Pictorial Highlights



<<< QWI Chairman, John Jackson in post AGM discussion with shareholders.



<<< QWI Director, Cameron Burnet greets AI Johnson (right) of KPMG, Auditors of the Company.



<<< QWI Directors, Malcolm McDonald, Cameron Burnet and John Mahfood share a light moment.

## Management Discussion and Analysis



The purpose of the Management Discussion and Analysis (MD&A) is to provide shareholders and the public with a more in-depth understanding of the operational results of the Company, for the year ended 30 September 2021. The MD&A also serves to clarify some of the information reported in the Company's Financial Statements, and to share our projections and plans.

### COMPANY OPERATIONS

The year ended September 2021 marked our second full year of operations as well as the completion of our second year as a listed entity on the Main Market of the Jamaica Stock Exchange (JSE).

The Company started the 2020/21 financial year after the ill effects of the first six months from the COVID-19 pandemic during the prior financial year. By October 2020, a patchy economic recovery was already underway in the USA while Jamaica was experiencing recovery in certain segments of the economy.

Against this background, the Company reported realized and unrealized gains on investments and dividend income of \$543 million during the year versus losses of \$467 million in 2020. After administrative and other costs, the Company earned \$461 million in pre-tax profit for the year versus a pre-tax loss of \$527 million in 2020.

In 2021, profit after tax was \$349 million. Due to the loss incurred in 2020, a tax credit of \$133 million was accounted for in arriving at the net loss for the year, which reduced the loss to \$394 million. QWI's Net Asset Value (NAV) per share at September 2021 was \$1.34, up 24 percent from \$1.08 in 2020.

The Company's investment portfolio is managed by its Investment Committee and the management of operations are contracted to Jamaican Teas Limited. During the year, the principal operating expenses were management fees paid for the provision of accounting, administration and Company secretarial and compliance

services to QWI amounting to \$24.3 million, up from \$18.7 million in 2020, as well as finance costs incurred on funds borrowed for funding the purchase of shares. No fees were paid to the Investment Committee based on formula shown in the prospectus.

## INVESTMENTS

QWI's investment portfolio is managed by the Company's Investment Committee and comprises John Jackson, Chairman, Cameron Burnet and David Stephens, who jointly guide the Company's investments. Meetings are held weekly to review the investment portfolios, and also in conjunction with the Company's cadre of licensed stockbrokers.

## INVESTMENT MANAGEMENT

Based on the formula reported in the Prospectus for the IPO, the Investment Committee is not entitled to a fixed fee. Compensation, if payable, must meet the hurdle rate of the gains over and above the MSCI Index based on the average portfolio for the year. That criteria was not met for the past two years and accordingly, no fees were paid during the period.

## STATEMENT OF FINANCIAL CONDITION

At the end of September 2021, the Company had \$2.3 billion of investments. Approximately 25 percent of these are held overseas in industries not represented on the JSE, including a small portfolio on the Trinidad and Tobago Stock Exchange.

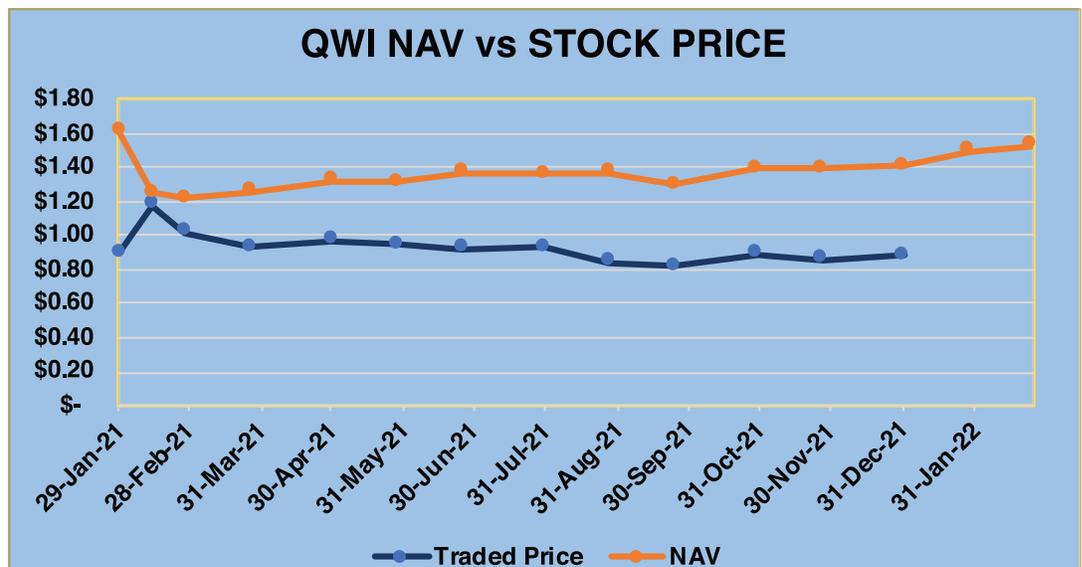
Shareholders' equity increased in the period from almost \$1.5 billion to \$1.8 billion at 30 September 2021—a direct result of the net profit for the year.

## OUTLOOK

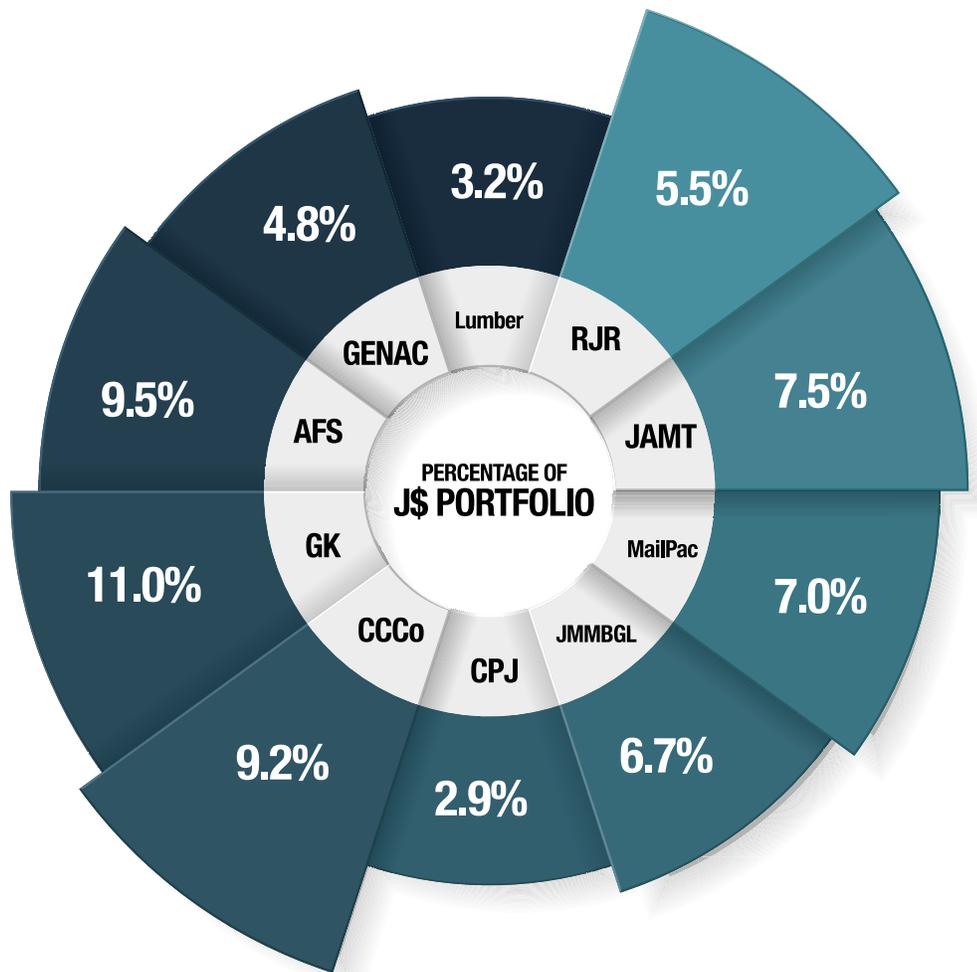
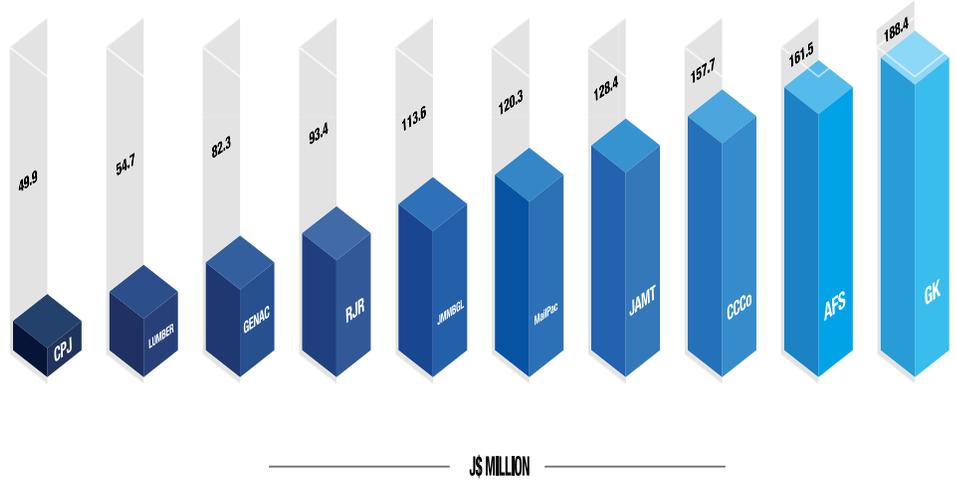
Since year end, our NAV has fluctuated between \$1.35 and \$1.43 per share. This has resulted, in part, from almost weekly increases and pull backs in the USA market and in a few cases in the Jamaica market, which have been offset by strong price performances in several of the tourism related stocks owned by the Company.

Following the end of the first quarter, indications are that we will see continued profit growth at many Jamaican companies, particularly those involved with tourism and those which took strong management actions to reduce expenses in 2020. We also anticipate strong earnings growth at many USA companies.

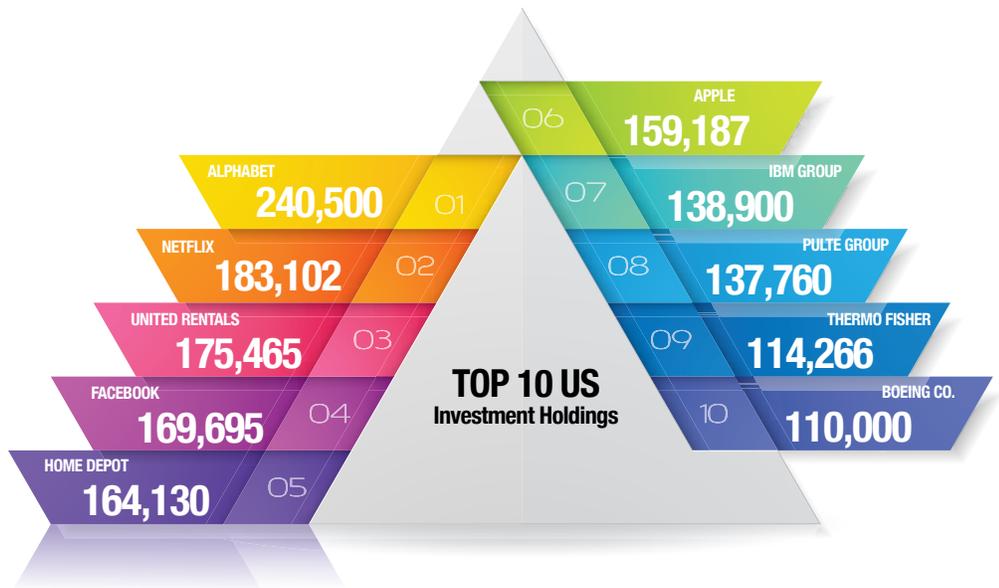
In the absence of the recent trend towards higher interest rates in both Jamaica and the USA, our expectation would have been that stock markets are set to rise in 2022. This would positively impact the Company's portfolios. The trend towards higher interest rates and inflation does, however, temper this expectation as both tend to cause a contraction in earnings multiples and share valuations, if sustained over any prolonged period.



# Top 10 Jamaican Investment Holdings



# Top 10 US Investment Holdings





KPMG  
Chartered Accountants  
P.O. Box 436  
6 Duke Street  
Kingston  
Jamaica, W.I.  
+1 (876) 922 6640  
firmmail@kpmg.com.jm

## INDEPENDENT AUDITORS' REPORT

To the Members of  
QWI INVESTMENTS LIMITED

### **Report on the Audit of the Financial Statements**

#### *Opinion*

We have audited the financial statements of QWI Investments Limited ("the company"), set out on pages 36 to 62, which comprise the statement of financial position as at September 30, 2021, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the company as at September 30, 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the Jamaican Companies Act.

#### *Basis for Opinion*

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants including International Independence Standards (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KPMG, a Jamaican partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

R. Tarun Handa  
Cynthia L. Lawrence  
Rajan Trehan  
Norman O. Rainford  
Nigel R. Chambers  
Nyssa A. Johnson  
W. Gihan C. de Mel  
Wilbert A. Spence  
Rochelle N. Stephenson  
Sandra A. Edwards



## INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of  
QWI INVESTMENTS LIMITED

### **Report on the Audit of the Financial Statements (continued)**

#### *Other Information*

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditors' report thereon. The annual report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

#### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS and the Jamaican Companies Act, and for such internal control as management determines is necessary to

enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the company's financial reporting process.



INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of  
QWI INVESTMENTS LIMITED

**Report on the Audit of the Financial Statements (continued)**

*Key Audit Matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

*Valuation of investments*

<i>The Key Audit Matter</i>	<i>How the matter was addressed in our audit</i>
<p>The company holds significant investments in equity securities listed on multiple stock exchanges. The company uses quoted mid or closing prices to value these investments.</p> <p>The valuation of these investments although based on observable market prices continues to suffer from increased volatility as a result of the spread of COVID-19. The pandemic has resulted in a decline in trading activities for a number of listed shares.</p> <p>This reduction in trading has also resulted in some listed shares having a wider gap between the bid and ask prices which may indicate that the shares are not actively trading.</p> <p>As a result, judgement may be required to determine whether the quoted prices used by management represents prices from an active market and where mid prices are used, determine whether there is a wide gap between the bid and ask prices and thus does not provide a reasonable indication of fair value.</p> <p><i>See note 4 and note 20 (e).</i></p>	<p>Our procedures in this area included the following:</p> <ul style="list-style-type: none"> <li>• Assessing and testing the design and implementation of the company's control over the determination and computation of fair values.</li> <li>• Challenging the reasonableness of prices used by the company by comparing to independent third-party information, including assessing whether prices used falls within the bid ask spread as required by IFRS 13 <i>Fair Value Measurement</i>.</li> <li>• Reperforming fair value calculations and assessing whether fair value was appropriately determined by considering the provisions of IFRS 13 <i>Fair Value Measurement</i> and reviewing the volume of trade for the securities held by the company at year end.</li> <li>• Assessing the adequacy of the disclosure, including the degree of estimation involved in determining fair values.</li> </ul>



## INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of  
QWI INVESTMENTS LIMITED

### **Report on the Audit of the Financial Statements (continued)**

#### *Auditors' Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is included in the Appendix to this auditors' report. This description, which is located at pages 34-35, forms part of our auditors' report.

### **Report on additional matters as required by the Jamaican Companies Act**

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been maintained, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by the Jamaican Companies Act in the manner required.

The engagement partner on the audit resulting in this independent auditors' report is Rajan Trehan.

Chartered Accountants  
Kingston, Jamaica

December 30, 2021



## INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of  
QWI INVESTMENTS LIMITED

### **Appendix to the Independent Auditors' Report**

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



## INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of  
QWI INVESTMENTS LIMITED

### **Appendix to the Independent Auditors' Report (continued)**

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matters or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

# Statement of Financial Position

SEPTEMBER 30, 2021

	<u>Notes</u>	<u>2021</u> \$	<u>2020</u> \$
<b>ASSETS</b>			
Investments	4	2,278,660,838	1,629,020,577
Deferred taxation	11	-	54,819,710
Cash and cash equivalents	5	6,861,530	1,044,754
Accounts receivables	6	<u>27,530,640</u>	<u>1,091,278</u>
Total assets		<u>2,313,053,008</u>	<u>1,685,976,319</u>
<b>LIABILITIES AND EQUITY</b>			
Other liabilities	7	14,731,881	10,285,473
Taxation payable		20,728	-
Due to related companies	8(a)	1,815,464	2,923,392
Short-term borrowing	9	75,000,000	-
Margin loan payable	10	341,444,565	195,376,836
Deferred taxation	11	<u>52,884,123</u>	<u>-</u>
Total liabilities		<u>485,896,761</u>	<u>208,585,701</u>
<b>EQUITY</b>			
Share capital	12	1,623,112,948	1,623,112,948
Capital reserves	19	363,592	-
Accumulated surplus/(deficit)		<u>203,679,707</u>	( 145,722,330)
Total equity		<u>1,827,156,247</u>	<u>1,477,390,618</u>
Total liabilities and equity		<u>2,313,053,008</u>	<u>1,685,976,319</u>

The financial statements on pages 36 to 62 were approved for issue by the Board of Directors on December 30, 2021 and signed on its behalf by:

  
 \_\_\_\_\_ Director  
 John Mahfood

  
 \_\_\_\_\_ Director  
 Cameron Burnet

The accompanying notes form an integral part of the financial statements.

# Statement of Profit or Loss and Other Comprehensive Income

YEAR ENDED SEPTEMBER 30, 2021

	<u>Notes</u>	<u>2021</u> \$	<u>2020</u> \$
Gains /(losses) from investment activities	13	542,740,213	(467,384,292)
Administrative expenses	14	<u>( 54,247,198)</u>	<u>( 42,248,659)</u>
		488,493,015	(509,632,951)
Finance income	15(a)	2,985,557	1,922,299
Finance costs	15(b)	<u>( 29,710,439)</u>	<u>( 19,771,223)</u>
Profit/(loss) before taxation		461,768,133	(527,481,875)
Taxation	16	<u>(112,002,504)</u>	<u>133,158,335</u>
Profit/(loss) for the year, being total comprehensive income/(loss)		<u>349,765,629</u>	<u>(394,323,540)</u>
Earnings per share:			
Basic earnings per ordinary stock unit	17(a)	<u>0.26</u>	<u>( 0.29)</u>
Diluted earnings per ordinary stock unit	17(b)	<u>0.25</u>	<u>( 0.28)</u>

The accompanying notes form an integral part of the financial statements.

# Statement of Changes in Equity

YEAR ENDED SEPTEMBER 30, 2021

	<u>Share capital</u> (Note 12) \$	<u>Retained earnings</u> \$	<u>Capital Reserves</u> (Note 19) \$	<u>Total</u> \$
Balances at September 30, 2019	1,622,613,930	248,601,210	-	1,871,215,140
Adjustment to share issuance cost	499,018	-	-	499,018
Comprehensive income:				
Loss for the year, being total comprehensive loss for the year	<u>-</u>	<u>(394,323,540)</u>	<u>-</u>	<u>( 394,323,540)</u>
Balances at September 30, 2020	1,623,112,948	(145,722,330)	-	1,477,390,618
Comprehensive income:				
Profit for the year, being total comprehensive profit for the year		349,765,629		349,765,629
Capital distribution received	<u>-</u>	<u>( 363,592)</u>	<u>363,592</u>	<u>-</u>
Balances at September 30, 2021	<u>1,623,112,948</u>	<u>203,679,707</u>	<u>363,592</u>	<u>1,827,156,247</u>

The accompanying notes form an integral part of the financial statements.

# Statement of Cash Flows

YEAR ENDED SEPTEMBER 30, 2021

	<u>Notes</u>	<u>2021</u> \$	<u>2020</u> \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Profit/(loss) for the year		349,765,629	( 394,323,540)
Adjustments for:			
Dividend income	13	( 35,513,670)	( 22,901,148)
Realised (gains)/losses on disposal of investments	13	( 96,259,411)	122,187,942
Interest income	15(a)	( 1,031)	( 1,922,299)
Interest expense	15(b)	29,710,439	19,771,223
Taxation	16	112,002,504	( 133,158,335)
Unrealised fair value (gains)/losses on securities at fair value through profit or loss	13	(410,967,132)	<u>368,097,498</u>
		( 51,262,672)	( 42,248,659)
Changes in operating assets and liabilities:			
Purchase of investments		(888,136,470)	(1,898,641,677)
Proceeds from sale of investments		745,722,752	1,142,483,335
Other liabilities		555,870	( 304,483,024)
Due to related companies		( 1,107,928)	( 50,838,498)
Accounts receivables		( 26,439,362)	<u>1,194,180,018</u>
		(220,667,810)	40,451,495
Tax paid		( 4,277,943)	( 3,177,246)
Dividend received		35,513,670	22,901,148
Interest received		1,031	1,922,299
Interest paid		( 25,819,901)	( 20,576,884)
Cash (used)/provided by operating activities		<u>(215,250,953)</u>	<u>41,520,812</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Proceeds from short-term borrowing		75,000,000	-
Margin loan repaid		(195,376,836)	-
Bank overdraft		-	( 49,714,743)
Proceeds from Margin loan		341,444,565	11,101,985
Short-term borrowing repaid		<u>-</u>	<u>( 2,000,000)</u>
Net cash provided/(used) by financing activities		<u>221,067,729</u>	<u>( 40,612,758)</u>
Increase in cash and cash equivalents		5,816,776	908,054
Cash and cash equivalent at beginning of the year		<u>1,044,754</u>	<u>136,700</u>
Cash and cash equivalent at end of the year		<u><u>6,861,530</u></u>	<u><u>1,044,754</u></u>

The accompanying notes form an integral part of the financial statements.

# Notes to the Financial Statements

YEAR ENDED SEPTEMBER 30, 2021

## 1. Identification and principal activities

QWI Investments Limited (“the company”) is incorporated and is domiciled in Jamaica. The company was incorporated on December 18, 2018, and commenced operations on January 1, 2019. The company’s registered office is at 2 Bell Road, Kingston, Jamaica W.I.

The company issued 66% of its ordinary shares to the public on September 9, 2019 and was listed on the Jamaica Stock Exchange on September 30, 2019. The company’s remaining shares were held by Jamaican Teas Limited a company listed on the Jamaica Stock Exchange and one of its subsidiaries, KIW International Limited.

As at September 30, 2021 Jamaican Teas owned 309,264,832 shares or 22.66% (2020:236,661,533 shares or 17.34%) in the company and KIW owned 245,000,005 (2020: 245,000,005) shares or 17.95%.

The company’s principal activity is the holding of quoted securities. The company’s affairs are administered by Jamaican Teas Limited, who has ultimate control over its operations. The company’s income/losses for the year represents mainly dividend income and realised and unrealised gains/losses from investment activities.

The Board of Directors appoints an investment committee and delegates the management of the company’s investments to the committee, who undertakes the investment decisions on an ongoing basis. Currently, members of the investment committee are also members of the Board; however, the Board may appoint non-board members to the committee as it sees fit. The investment committee members are paid fees pursuant to the company’s investment incentive plan, at the rate of 10% of the net investment return of the company in excess of the hurdle rate which is based on MCSI world index.

## 2. Statement of compliance and basis of preparation

### (a) Statement of compliance:

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and comply with the provisions of the Jamaican Companies Act.

### **New and amended standards that became effective during the year**

Certain new and amended standards that were in issue came into effect during the current financial year. The adoption of those new standards and amendments did not have any impact on the amounts recognised or disclosed in the financial statements.

### **New and amended standards and interpretations issued but not yet effective:**

At the date of authorisation of the financial statements, certain new and amended standards and interpretations have been issued which are not yet effective and which the company has not yet adopted. Those standards and interpretations which management considers may be relevant to its operations and their effective dates are indicated below:

- Amendments to IAS 1 *Presentation of Financial Statements*, will apply retrospectively for annual reporting periods beginning on or after January 1, 2023. The amendments promote consistency in application and clarify the requirements on determining if a liability is current or non-current.

# Notes to the Financial Statements

YEAR ENDED SEPTEMBER 30, 2021

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2. Statement of compliance and basis of preparation (continued)

(a) Statement of compliance (continued):

**New and amended standards and interpretations issued but not yet effective (continued):**

- Amendments to IAS 1 *Presentation of Financial Statements (continued)*

Under existing IAS 1 requirements, entities classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the requirement for a right to be unconditional has been removed and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period. An entity classifies a liability as non-current if it has a right to defer settlement for at least twelve months after the reporting period. It has now been clarified that a right to defer exists only if the entity complies with conditions specified in the loan agreement at the end of the reporting period, even if the lender does not test compliance until a later date.

With the amendments, convertible instruments may become current. In light of this, the amendments clarify how an entity classifies a liability that includes a counterparty conversion option, which could be recognised as either equity or a liability separately from the liability component under IAS 32. Generally, if a liability has any conversion options that involve a transfer of the entity's own equity instruments, these would affect its classification as current or non-current. It has now been clarified that a entity can ignore only those conversion options that are recognised as equity when classifying liabilities as current or non-current.

- Amendments to IAS 37 *Provision, Contingent Liabilities and Contingent Assets* is effective for annual periods beginning on or after January 1, 2022 and clarifies those costs that comprise the costs of fulfilling the contract.

The amendments clarify that the 'costs of fulfilling a contract' comprise both the incremental costs – e.g. direct labour and materials; and an allocation of other direct costs – e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract. This clarification will require entities that apply the 'incremental cost' approach to recognise bigger and potentially more provisions. At the date of initial application, the cumulative effect of applying the amendments is recognised as an opening balance adjustment to retained earnings or other component of equity, as appropriate. The comparatives are not restated.

The company does not expect these amendments to have a significant impact on its financial statements.

(b) Basis of preparation and functional currency:

The financial statements are presented in Jamaica dollars (J\$), which is the functional currency of the company. The Jamaica dollar is the functional currency, as it is the primary economic environment in which the company operates.

# Notes to the Financial Statements

YEAR ENDED SEPTEMBER 30, 2021

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2. Statement of compliance and basis of preparation (continued)

(b) Basis of preparation and functional currency (continued):

The financial statements have been prepared on the historical cost basis except for equity securities which are measured at fair value. The significant accounting policies stated in note 3 below conform in all material respects with IFRS.

(c) Use of estimates and judgements:

The preparation of the financial statements to conform to IFRS, requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, contingent assets and liabilities at the reporting date and the income and expenses for the year then ended. Actual amounts could differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements that have a significant effect on the financial statements were made by management in the application of IFRS relates to the determination as to whether the price used to value quoted equities is from an active market. It requires management to make judgement as to what level of volume and frequency of trade indicate that the market for a particular stock is active.

There were no estimates with a significant risk of material adjustment in the next financial period.

3. Significant accounting policies

(a) Revenue recognition:

Dividend income is recognised when the right to receive payment is established on the record date of the dividend.

Interest income is recognised in profit or loss using the effective interest method. The “effective interest rate” is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instruments to its gross carrying amount.

(b) Foreign currency translation:

Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions.

Monetary items denominated in foreign currency are translated to Jamaica dollars using the closing rate as at the reporting date.

Exchange differences arising from the settlement of transactions at rates different from those at the dates of the transactions and unrealised foreign exchange differences on unsettled foreign currency monetary assets and liabilities are recognised in profit or loss. Exchange differences on non-monetary financial assets are a component of the change in their fair values.

# Notes to the Financial Statements

YEAR ENDED SEPTEMBER 30, 2021

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3. Significant accounting policies (continued)

(c) Taxation:

Taxation on the profit or loss for the year comprises current and deferred tax charges. Taxation is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income, in which case it is also recognised in other comprehensive income.

Current tax is the expected tax payable on the income for the year, using tax rates enacted at the reporting date.

Deferred tax is computed by providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the reporting date.

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(d) Financial instruments:

A financial instrument is any contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise. For the purpose of the financial statements, financial assets have been determined to include cash and cash equivalents, investments and accounts receivables. Similarly, financial liabilities include other liabilities, short-term borrowing, amounts due to related companies, bank overdraft and margin loan payable.

*Recognition and initial measurement*

The company recognises a financial instrument when it becomes a party to the contractual terms of the instrument. Financial assets and financial liabilities are initially recognised on the trade date.

At initial recognition, the company measures a financial asset or financial liability at its fair value, *plus or minus*; in the case of a financial asset or financial liability not at fair value through profit or loss transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss.

# Notes to the Financial Statements

YEAR ENDED SEPTEMBER 30, 2021

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## 3. Significant accounting policies (continued)

### (d) Financial instruments (continued):

#### *Recognition and initial measurement (continued)*

Immediately after initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

When the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. a level 1 input) or based on a valuation technique that uses only data from observable markets, the difference is recognised as a gain or loss.

#### *Financial assets*

#### *Classification and subsequent measurement*

On initial recognition, the company classifies financial assets as measured at amortised cost or FVTPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss (FVTPL):

- a) It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- b) Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest ('SPPI').

All other financial assets of the company are measured at FVTPL.

The classification of financial assets comprises the following captions:

- Investments
- Cash and cash equivalents
- Accounts receivables

#### *Business model assessment*

The business model reflects how the company manages the assets in order to generate cash flows. That is, whether the company's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVTPL.

# Notes to the Financial Statements

YEAR ENDED SEPTEMBER 30, 2021

## 3. Significant accounting policies (continued)

### (d) Financial instruments (continued):

*Financial assets (continued)*

*Business model assessment (continued)*

Factors considered by the company in determining the business model for a group of assets include:

1. How the asset's performance is evaluated and reported to key management personnel;
2. How risks are assessed and managed; and
3. How managers are compensated.

The company has determined that it has two business models.

- *Held-to-collect business model:* This comprises, cash and cash equivalents and accounts receivables. These financial assets are held to collect contractual cash flows.
- *Other business model:* This comprises equity investments. These financial assets are managed and their performance is evaluated, on a fair value basis.

*Assessment whether contractual cash flows are solely payments of principal and interest*

For the purpose of this assessment, 'principal' is defined as the fair value of financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

In making this assessment, the company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

# Notes to the Financial Statements

YEAR ENDED SEPTEMBER 30, 2021

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3. Significant accounting policies (continued)

(d) Financial instruments (continued):

*Financial assets (continued)*

*Subsequent measurement*

The subsequent measurement of financial assets depends on their classification as described in the particular recognition methods disclosed in their individual policy statements associated with each item.

*Derecognition*

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired, or the company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

*Impairment of financial assets*

Impairment losses of financial assets not measured at FVTPL, are recognised using the expected credit loss model for the entire lifetime of such financial assets on initial recognition, and at each subsequent reporting period, even in the absence of a credit event or if a loss has not yet been incurred, considering their measurement past events and current conditions, as well as reasonable and supportable forecasts affecting collectability. Impairment of financial assets is further detailed in note 3(o).

*Financial liabilities*

*Initial recognition and measurement*

All financial liabilities are recognised initially at fair value and in the case of borrowing, plus directly attributable transaction costs. The company's financial liabilities, which include other liabilities, short-term borrowing, due to related companies, bank overdraft and margin loan facility, are recognised initially at fair value.

*Subsequent measurement*

The subsequent measurement of financial liabilities depends on their classification as described in the particular recognition methods disclosed in their individual policy statements associated with each item.

# Notes to the Financial Statements

YEAR ENDED SEPTEMBER 30, 2021

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3. Significant accounting policies (continued)

(d) Financial instruments (continued):

*Financial assets (continued)*

*Derecognition*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of profit or loss.

*Offsetting*

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from company of similar transactions such as in the company's trading activity.

(e) Investments:

Investments comprise quoted securities and are classified as FVTPL.

Gains and losses on equity securities at FVTPL are included in the 'Gains or losses from investment activities' caption in the statement of profit or loss. Gains or loss on securities trading are recognised when the company becomes a party to a contract to dispose of the securities, or, in the case of financial assets measured at fair value, upon re-measurement of those assets.

The realised gains from financial instruments at fair value through profit or loss ("FVTPL") represents the difference between the carrying amount of the financial instrument at the beginning of the reporting period, or the transactions price if it was purchased in the current reporting period, and its settlement price.

The unrealised gain represents the difference between the carrying amount of a financial instrument at the beginning of the period, or the transaction price if it was purchased in the current period, and its carrying amount at the end of the reporting period.

# Notes to the Financial Statements

YEAR ENDED SEPTEMBER 30, 2021

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3. Significant accounting policies (continued)

(f) Derivatives:

Derivatives are financial instruments that derive their value from the price of the underlying items such as equities, interest rates, foreign exchange or other indices. Derivatives enable users to increase, reduce or alter exposure to credit or market risk. The company holds derivatives in the normal course of business for trading purposes. Derivatives are measured initially at fair value in the statement of financial position. Subsequent to initial recognition, derivatives are measured at fair value and changes in fair value are recognised immediately in profit or loss.

(g) Cash and cash equivalents:

Cash and cash equivalents comprise cash and bank balances and are measured at amortised cost.

(h) Accounts receivable:

Accounts receivable are measured at amortised costs, less impairment losses.

(i) Other liabilities:

Other liabilities are measured at amortised cost.

(j) Share capital:

Ordinary shares are classified as equity when there is no obligation to transfer cash or other assets. Transaction costs directly attributable to the issuance of shares are shown in equity as a deduction from the proceeds of the share issue.

(k) Related parties:

A related party is a person or company that is related to the entity which is preparing its financial statements (referred to in IAS 24 *Related Party Disclosures* as the “reporting entity”, that is, “the company”).

(a) A person or a close member of that person’s family is related to the company if that person:

- (i) has control or joint control over the company;
- (ii) has significant influence over the company; or
- (iii) is a member of the key management personnel of the company or of a parent of the company.

# Notes to the Financial Statements

YEAR ENDED SEPTEMBER 30, 2021

## 3. Significant accounting policies (continued)

### (k) Related parties (continued):

(b) An entity is related to the company if any of the following conditions applies:

- (i) The entity and the company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan established for the benefit of employees of either the company or an entity related to the company.
- (vi) The entity is controlled, or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the reporting entity or is a member of the key management personnel of the reporting entity (or of a parent of the entity).
- (viii) The entity or its parent is provided with key management personnel services by the management entity.

A related party transaction involves transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

The company's key related party relationships are with its shareholders and its directors.

### (l) Borrowings:

Borrowings are recognised initially at fair value, net of transaction costs incurred. Subsequent to initial recognition, interest-bearing borrowings are measured at amortised cost, with any difference between proceeds (net of transaction costs) and redemption value being recognised in profit or loss over the period of the borrowings using the effective interest method.

### (m) Determination of fair value:

Fair value is the price that would be received to sell an asset or to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the company has access at the date.

The company measures the fair value of an instrument using quoted price in an active market for that instrument. A market is regarded as active if transactions from the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The company measures instruments quoted in an active market at the mid-price, because this price provides a reasonable approximation of the exit price.

# Notes to the Financial Statements

YEAR ENDED SEPTEMBER 30, 2021

## 3. Significant accounting policies (continued)

### (n) Finance costs:

Finance costs comprise interest expense on borrowings calculated using the effective interest rate method.

### (o) Impairment of financial assets:

The company recognises loss allowances for ECLs on financial assets measured at amortised cost.

The company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- financial assets that are determined to have low credit risk at the reporting date; and
- other financial assets for which credit risk (i.e. the risk of default occurring over the expected life of the asset) has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the company's historical experience and informed credit assessment and including forward-looking information.

The company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the company in full, without recourse by the company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The company considers a financial asset to have low credit risk when the credit rating of the counterparty is equivalent to the globally understood definition of 'investment grade'.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the company is exposed to credit risk.

# Notes to the Financial Statements

YEAR ENDED SEPTEMBER 30, 2021

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3. Significant accounting policies (continued)

(o) Impairment of financial assets (continued):

*Measurement of ECLs*

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

*Credit-impaired financial assets*

At each reporting date, the company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due; or
- it is probable that the borrower will enter bankruptcy or other financial reorganisation.

*Presentation of allowance for ECLs in the statement of financial position*

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

*Write-off*

The gross carrying amount of a financial asset is written off when the company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

(p) Dividends

Dividends on ordinary shares are recognised in equity in the period in which they are approved.

# Notes to the Financial Statements

YEAR ENDED SEPTEMBER 30, 2021

4. Investments

	<u>2021</u>	<u>2020</u>
	\$	\$
Investment securities at FVTPL:		
Jamaican quoted equities	1,707,256,370	1,211,575,675
United States quoted equities (US\$3,446,450)		
(2020: \$2,549,000)	508,331,717	337,813,592
United States quoted share options (US\$1,550)		
(2020: \$428,000)	228,712	60,457,260
Trinidad and Tobago quoted equities (TT\$2,972,755)		
(2020: \$945,000)		
	<u>62,844,039</u>	<u>19,174,050</u>
	<u>2,278,660,838</u>	<u>1,629,020,577</u>

Included in Jamaican quoted equities is United States dollar stock of \$153,114 (2020: \$157,398).

5. Cash and cash equivalents

	<u>2021</u>	<u>2020</u>
	\$	\$
Bank accounts	<u>6,861,530</u>	<u>1,044,754</u>

The Company has a bank overdraft facility with the Bank of Nova Scotia Jamaica Limited. The Company's assets were charged in the sum of \$124,448,975 (2020: \$118,007,982) in favour of the bank. 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 and 2021.

6. Accounts receivables

	<u>2021</u>	<u>2020</u>
	\$	\$
Prepaid expenses	3,851,270	696,858
Due from brokers	23,664,370	210,506
Other receivables	<u>15,000</u>	<u>183,914</u>
	<u>27,530,640</u>	<u>1,091,278</u>

Due from broker includes \$12,005,338 (2020: \$Nil) due from Victoria Mutual Investments Limited for the sale of securities and \$10,598,308 (2020: \$Nil) due from Aegis Capital Corporation which represent the receivables from trading.

7. Other liabilities

	<u>2021</u>	<u>2020</u>
	\$	\$
Interest payable	5,483,862	1,593,324
Accruals	8,822,434	7,866,736
Due to brokers	425,585	620,153
Other payables	<u>-</u>	<u>205,260</u>
	<u>14,731,881</u>	<u>10,285,473</u>

Due to brokers represent investments purchase transactions through a brokerage firm awaiting settlement. Included in interest payable is interest due to related party of \$3,379,110 on demand loan (see note 9).

# Notes to the Financial Statements

YEAR ENDED SEPTEMBER 30, 2021

## 8. Related party balances and transactions

The following balances were held with related parties:

	<u>2021</u> \$	<u>2020</u> \$
(a) Due to related companies:		
Jamaican Teas Limited – Parent company (management fees)	1,815,464	2,923,419
KIW International Limited – Fellow subsidiary	<u>-</u>	<u>(27)</u>
	<u>1,815,464</u>	<u>2,923,392</u>
(b) Short-term borrowing – Jamaican Teas Limited (note 9)	<u>75,000,000</u>	<u>-</u>
(c) The following transactions were carried out with related parties during the period:		
	<u>2021</u> \$	<u>2020</u> \$
Management fees - Jamaican Teas Limited	24,281,000	18,666,055
Directors' fees	7,760,000	6,240,000
Interest expense - Jamaican Teas Limited	<u>3,379,110</u>	<u>-</u>

## 9. Short-term borrowings

	<u>2021</u> \$	<u>2020</u> \$
Demand loan	<u>75,000,000</u>	<u>-</u>

This loan was obtained from Jamaican Teas Limited during the year and represents a short-term loan that bears interest of 6.5% and is payable on demand. The company assets were charged to the sum of \$75,000,000 in favour of Jamaican Teas Limited. The asset charged, comprised listed shares owned by the company and were pledged to secure the loan.

## 10. Margin loan payable

	<u>2021</u> \$	<u>2020</u> \$
Victoria Mutual Investments Limited	335,694,565	-
Mayberry Investments Limited	-	155,409,996
Aegis Capital Corporation	<u>5,750,000</u>	<u>39,966,840</u>
	<u>341,444,565</u>	<u>195,376,836</u>

Margin loan payable represents short-term debt facility provided by Victoria Mutual Investments Limited and Aegis Capital Corp. to the company to acquire securities held on its own account. The facility is collateralised by the securities held with the brokerage firm and bears interest at 7.5% and 6.3% respectively. In the prior year, the company's short-term loan facility was with Mayberry Investments Limited which bore interest at 9%. The facility was terminated in April 2021.

# Notes to the Financial Statements

YEAR ENDED SEPTEMBER 30, 2021

## 11. Deferred taxation

Deferred tax asset is attributable to the following:

	<u>2021</u>		
	<u>Balance at beginning of year</u> \$'000	<u>Recognised in profit or loss</u> \$'000 (note 16)	<u>Balance at end of year</u> \$'000
Unrealised (loss)/gains on investment	( 2,036,488)	(106,642,828)	(108,679,316)
Interest payable	398,331	972,635	1,370,966
Unused Tax losses	<u>56,457,867</u>	<u>( 2,033,640)</u>	<u>54,424,227</u>
	<u>54,819,710</u>	<u>(107,703,833)</u>	<u>(52,884,123)</u>
	<u>2020</u>		
	<u>Balance at beginning of year</u> \$'000	<u>Recognised in profit or loss</u> \$'000 (note 16)	<u>Balance at end of year</u> \$'000
Unrealised (loss)/gains on investment	(94,060,864)	92,024,376	(2,036,488)
Interest payable	599,746	( 201,415)	398,331
Unused Tax losses	<u>11,945,247</u>	<u>44,512,620</u>	<u>56,457,867</u>
	<u>(81,515,871)</u>	<u>136,335,581</u>	<u>54,819,710</u>

## 12. Share capital

	<u>2021</u>	<u>2020</u>
	\$	\$
Authorised -		
Unlimited ordinary shares at no par value		
Issued and fully paid -		
1,365,000,015 ordinary shares	1,659,000,000	1,659,000,000
Less: share issuance cost	<u>( 35,887,052)</u>	<u>( 35,887,052)</u>
	<u>1,623,112,948</u>	<u>1,623,112,948</u>

- (a) On September 9, 2019, the company issued 900,000,000 of its ordinary shares at a total value of \$1,192,000,000 to the public through an initial public offering. The remaining issued ordinary shares of 220,000,000 were held by Jamaican Teas Limited and 245,000,000 are held by KIW International Limited at no par value.

At September 30, 2021, 309,264,832 (2020: 236,661,533) shares were held by Jamaican Teas Limited and 245,000,005 (2020: 245,000,005) shares were held by KIW International Limited, a subsidiary of Jamaican Teas Limited.

# Notes to the Financial Statements

YEAR ENDED SEPTEMBER 30, 2021

12. Share capital (continued)

- (b) On March 19, 2019, the directors approved the reservation of 31,000,000 of the company's shares as a stock option plan for members of its Board of Directors. Under the stock option plan, each director may exercise options to buy 1,000,000 of the company's shares per annum (1,200,000 million shares by the Chairman), in whole or in part within five years of July 31, 2019. The price to be paid will be \$2.70.

The subscription price for the shares is payable in full at the time that the option is exercised. Each option will be deemed forfeited if not exercised within five years of the date that it became available.

A further amount of 10,000,000 shares for future stock options is to be reserved in addition to the initial 31,000,000 set out above.

As at September 30, 2021 and 2020, no member of the Board of Directors exercised their option.

13. Gains/(losses) from investment activities

	<u>2021</u>	<u>2020</u>
	\$	\$
Unrealised fair value gains/(losses) on investments, net	410,967,132	(368,097,498)
Realised gains/(losses) on sale of investments, net	96,259,411	(122,187,942)
Dividend income	<u>35,513,670</u>	<u>22,901,148</u>
	<u>542,740,213</u>	<u>(467,384,292)</u>

14. Administrative expenses

Profit before taxation is stated after charging:

	<u>2021</u>	<u>2020</u>
	\$	\$
Postage and delivery	1,429,472	966,466
Insurance expense	2,617,348	882,861
Advertising expense	991,945	1,459,109
Commissions and fees	661,529	969,544
Jamaica Central Securities Depository		
Limited expenses	2,834,063	2,484,150
Management fees	24,281,000	18,666,055
Directors' fees	7,760,000	6,240,000
Audit fees	2,257,835	2,194,500
Irrecoverable General Consumption Tax	5,305,465	4,971,608
Legal expense	945,125	1,430,060
Printing expense	1,679,100	1,188,000
Bank and brokerage fees	1,770,480	-
Other expenses	<u>1,713,836</u>	<u>796,306</u>
	<u>54,247,198</u>	<u>42,248,659</u>

# Notes to the Financial Statements

YEAR ENDED SEPTEMBER 30, 2021

15. Finance income/costs

	<u>2021</u>	<u>2020</u>
	\$	\$
(a) Finance income:		
Foreign exchange gains, net	2,984,526	-
Interest income:		
Bank of Nova Scotia deposits	1,031	214,495
NCB Capital Market deposits	-	1,707,804
	<u>1,031</u>	<u>1,922,299</u>
	<u>2,985,557</u>	<u>1,922,299</u>
(b) Finance cost:		
Third party interest:		
Margin loan	25,902,755	19,621,178
Bank overdraft	428,574	150,045
	<u>26,331,329</u>	<u>19,771,223</u>
Related party interest:		
Demand loan	3,379,110	-
	<u>29,710,439</u>	<u>19,771,223</u>

16. Taxation

Taxation is based on profit for the year adjusted for tax purposes and it computed as follows:

	<u>2021</u>	<u>2020</u>
	\$	\$
(a) Current year tax expense:		
Income tax	4,298,671	3,177,246
Deferred taxation (note 11):		
Tax losses	2,033,640	( 44,512,620)
Origination and reversal of temporary differences, net	105,670,193	( 91,822,961)
	<u>107,703,833</u>	<u>(136,335,581)</u>
Total tax expense/(credit) recognised	<u>112,002,504</u>	<u>(133,158,335)</u>
(b) Reconciliation of effective tax rate:		
Profit/(loss) before taxation	461,768,133	(527,481,875)
Computed "expected" tax expense - @ 25%	115,442,033	(131,870,469)
Difference between profit for financial statements and tax reporting purposes on		
Effect of tax losses	( 141,719)	( 1,592,349)
Other disallowed expenses	( 3,297,810)	304,483
Actual tax charge/(credit)	<u>112,002,504</u>	<u>(133,158,335)</u>

# Notes to the Financial Statements

YEAR ENDED SEPTEMBER 30, 2021

16. Taxation (continued)

- (c) As at the reporting date, subject to the agreement of The Commissioner, Tax Administration Jamaica, tax losses available for offset against future taxable profits was \$217,696,907 (2020:\$225,831,469). Tax losses brought forward are not restricted as the business is in its first (six) 6 years of operations, as per provisions of the Fiscal Incentives (Miscellaneous Provisions) Act, 2013.

17. Earnings per share

- (a) Basic earnings per ordinary stock unit

Basic earnings per share are calculated by dividing the net profit attributable to ordinary shareholders by a weighted average number of ordinary stock units outstanding.

	<u>2021</u>	<u>2020</u>
Profit/(loss) attributable to shareholders (\$)	<u>349,765,629</u>	<u>( 394,323,540)</u>
Weighted average number of stock units in issue	<u>1,365,000,015</u>	<u>1,365,000,015</u>
Basic earnings per stock unit (\$)	<u>0.26</u>	<u>( 0.29)</u>

- (b) Diluted earnings per ordinary stock unit

Diluted earnings per share are calculated by dividing the profit attributable to ordinary shareholders by a weighted average number of ordinary stock units outstanding after adjustment for the effects of all dilutive potential ordinary shares.

	<u>2021</u>	<u>2020</u>
Profit/(loss) attributable to shareholders (\$)	<u>349,765,629</u>	<u>( 394,323,540)</u>
Weighted average number of stock units in issue	<u>1,406,000,015</u>	<u>1,406,000,015</u>
Diluted earnings per stock unit (\$)	<u>0.25</u>	<u>( 0.28)</u>

18. Net asset value per share

	<u>2021</u>	<u>2020</u>
Net asset value (\$)	<u>1,827,156,247</u>	<u>1,477,390,618</u>
Number of stock units in issue	<u>1,365,000,015</u>	<u>1,365,000,015</u>
Net asset value per stock unit (\$)	<u>1.34</u>	<u>1.08</u>

19. Capital Reserves

This represents a capital distribution from Jamaican Teas Limited net of 2% transfer tax. Dividends paid to shareholders from this reserve is not subject to tax.

# Notes to the Financial Statements

YEAR ENDED SEPTEMBER 30, 2021

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20. Financial risk management

The company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors, has overall responsibility for the establishment and oversight of the company's risk management framework. The directors through committees have responsibility for monitoring the company's risk policies and reports to the Audit Committee on its activities.

The risk management policies are established to identify and analyse the risks faced by the company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

(a) Credit risk:

The company has exposure to credit risk, which is the risk that its counterparties will fail to discharge their contractual obligations causing the company to suffer a financial loss. Management carefully manages its exposure to credit risk.

*Cash and cash equivalents and accounts receivables*

Cash and cash equivalents and accounts receivables are held by financial institutions that are appropriately licensed and regulated, therefore, management does not expect any counterparty to fail to meet its obligations.

*Maximum exposure to credit risk*

The company's maximum exposure to credit risk at period end is represented by its respective carrying amount.

Impairment on cash and cash equivalents and accounts receivables have been measured at 12-month expected loss basis and reflects the short maturities of the exposures. The company considered that cash and cash equivalents and accounts receivables have low credit risk.

No impairment allowances was recognised under IFRS 9.

(b) Liquidity risk:

Liquidity risk, also referred to as funding risk, is the risk that the company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at, or close to, its fair value.

The company's approach to managing liquidity risk is to ensure, as far as possible, that they will always have sufficient cash resources to meet financial obligations when they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage of the company's reputation. The company's liabilities are secured by listed equities. The listed equities can be readily converted to cash resources to service the obligations when they fall due.

The contractual cash outflow for the company's liabilities is represented by their carrying amounts and require settlement within 12 months from the reporting date.

# Notes to the Financial Statements

YEAR ENDED SEPTEMBER 30, 2021

20. Financial risk management (continued)

(c) Market risk:

Market risk is the risk that changes in market prices, such as interest rate and foreign exchange rates, will affect the company's income or the value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while optimising the return on risk.

- Interest rate risk:

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

At the reporting date, the company had no material financial asset that was subject to interest rate risk.

At the reporting date, the carrying value of the company's fixed interest rate financial liabilities was \$410,694,565 (2020: \$195,376,836).

- Foreign currency risk:

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The company is exposed to foreign currency risk on transactions that are denominated in a currency other than its functional currency, the Jamaica dollar (J\$). The main currency giving rise to this risk is the United States dollar (US\$) and Trinidad and Tobago dollar. Presently, the company does not have any procedures in place to hedge against foreign currency risk.

In respect of monetary assets and liabilities denominated in foreign currency, the company ensures that its net exposure is kept to an acceptable level by monitoring its daily positions against approved limits.

*Net exposure to currency risk*

At the reporting date, the company's net exposure to foreign currency risk was as follows:

	<u>2021</u> US\$	<u>2021</u> TT\$
Due from broker	77,183	-
Margin loan	( 38,967)	-
Cash and cash equivalents	3,766	50,830
Investments	<u>3,601,035</u>	<u>2,972,755</u>
	<u>3,643,017</u>	<u>3,023,585</u>

# Notes to the Financial Statements

YEAR ENDED SEPTEMBER 30, 2021

20. Financial risk management (continued)

(c) Market risk (continued):

- Foreign currency risk (continued):

*Net exposure to currency risk (continued)*

Exchange rates as at September 30, 2021 was US\$1: J\$147.56 and TT\$1: J\$21.14.

	<u>2020</u>	<u>2020</u>
	US\$	TT\$
Cash and cash equivalents	2,811	-
Investments	2,977,014	945,000
Margin loan	( 283,375)	-
	<u>2,696,450</u>	<u>945,000</u>

Exchange rates as at September 30, 2020 was US\$1: J\$141 and TT\$1: J\$20.89.

- Foreign currency risk:

*Sensitivity analysis*

A strengthening/weakening of the Jamaica dollar by the percentages shown against the following currencies at the reporting date would have increased/(decreased) profit for the year by the amounts shown below.

	<u>2021</u>	
	<u>Effect on profit</u>	
	2%	8%
	<u>Strengthening</u>	<u>Weakening</u>
	\$	\$
J\$	<u>12,029,644</u>	<u>(48,118,574)</u>

	<u>2020</u>	
	<u>Effect on profit</u>	
	2%	6%
	<u>Strengthening</u>	<u>Weakening</u>
	\$	\$
J\$	<u>8,000,998</u>	<u>(24,002,995)</u>

The analysis assumes that all other variables, in particular interest rates, are held constant.

# Notes to the Financial Statements

YEAR ENDED SEPTEMBER 30, 2021

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20. Financial risk management (continued)

(c) Market risk (continued):

- Equity price risk:

Equity price risk arises from equity securities held by the company as part of its investment portfolio. Management monitors equity securities in its investment portfolio based on market expectations. The primary goal of the company's investment strategy is to maximise investment returns.

A 5% (2020: 7%) increase in the market price at the reporting date would cause a increase in the company's profits of \$113,933,042 (2020: \$114,031,440). A 5% (2020: 12.5%) decrease would cause a decrease in the company's profits of \$113,933,042 (2020: \$203,627,572).

(d) Capital management:

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for stockholders and benefits for other stakeholders. The Board of Directors monitors the return on capital, which the company defines as net operating income, excluding non-recurring items, divided by total equity. The net asset value is also used as a measurement tool which the company defines as net asset value divided by total number of stock units in issue.

There are no particular strategies to determine the optimal capital structure. There are also no external capital maintenance requirements to which the company is subjected.

(e) Fair values:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Market price is used to determine fair value where an active market exists as it is the best evidence of the fair value of a financial instrument. The company's equities are the only financial instrument that is carried at fair value.

Fair values of quoted equities and equity options are based on the mid or closing prices published by the respective Stock Exchanges.

The carrying values reflected in the financial statements for cash and cash equivalents, accounts receivables, other liabilities, due to related companies, bank overdraft and margin loan payable and short-term borrowing are assumed to approximate fair value due to their relatively short-term nature and are classified as level 2 instruments in the fair value hierarchy.

*Determination of fair value and fair values hierarchy*

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. These two types of inputs have created the following fair value hierarchy:

# Notes to the Financial Statements

YEAR ENDED SEPTEMBER 30, 2021

20. Financial risk management (continued)

(e) Fair values (continued):

*Determination of fair value and fair values hierarchy (continued)*

Level 1 - Quoted prices in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. This includes financial assets with fair values based on broker quotes.

Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available.

The company considers relevant and observable market prices in its valuations where possible.

Equity investments including equity share options are classified as Level 1 instruments in the fair value hierarchy.

21. Impact of COVID-19

The World Health Organization declared the novel Coronavirus (COVID-19) outbreak a pandemic on March 11, 2020. The pandemic and the measures to control its human impact have resulted in disruptions to economic activity, business operations and asset prices across the world. The company has investments in shares listed on the Jamaica Stock Exchange, the Trinidad and Tobago Stock Exchange and the New York Stock Exchange. Investments are also held in companies across a variety of industries. Management has assessed that the company was adversely impacted by the pandemic through the decline in share prices on the stock markets and the cessation of dividend payments by some investee companies. However, Since November 2020, and particularly in 2021, the COVID related operating restrictions on many of the investee companies have been progressively lifted or eliminated. In addition, as the use of vaccines against COVID have become increasingly widespread, companies dependent on travel and tourism have been able to increase the scope and scale of their operations. This has created opportunities for QWI to shift some of its investments into travel dependent investee companies with strong immediate growth prospects. As the impact of the Pandemic continues to be felt in some areas, Management continues to adopt several measures specifically around risk management. These measures include:

- i. Gathering information about the industries within which the company holds investments and the impact the pandemic is having on each industry.
- ii. Reorganised the investment portfolio to reduce investment in industries assessed as being volatile to the pandemic.
- iii. Diversifying the company's investment portfolio to invest in listed equities outside of Jamaica across thriving industries.
- iv. Continuous monitoring of the performance of investee companies.

# Proxy Form

FOR THE ADJOURNED EXTRAORDINARY GENERAL MEETING OF  
QWI INVESTMENTS LIMITED TO BE HELD AT 9:00 A.M. ON THE 19TH DAY OF JULY 2022

1. Being member(s) of QWI Investments Limited, I/WE:

NAME OF SHAREHOLDER(S)

of  
ADDRESS

2. Hereby appoint

of  
ADDRESS

as my/our proxy, to vote for me/us on my/our behalf at the Adjourned Extraordinary General Meeting of the said Company to be held on the the 19th day of July 2022 and any adjournment thereof, as follows:

*(Shareholders are required to insert "X" in the appropriate column below to show how they wish to vote in relation to each resolution.)*

RESOLUTIONS	FOR	AGAINST
<p>Be it resolved:</p> <p><b>THAT</b> the following resolutions passed or purportedly passed, and decisions taken or purportedly taken, at the meeting of members of the Company on the 17<sup>th</sup> day of June 2020, be and are individually hereby approved, adopted, ratified, and confirmed by the Company, namely:</p> <p>1. a) To receive and approve the Audited Financial Statements and the Reports of the Directors for the year ended 30 September 2019 together with the Auditors' Report therein.</p> <p>b) Be it resolved: "That the Audited Financial Statements, the Auditors' Report and the Reports of the Directors for said period, be and is hereby approved."</p>		
<p>2. To consider, and if thought fit, pass the following resolution: "That the amount shown in the Audited Financial Statements for the year ended 30 September 2019 as the fees to the Directors for services as Directors, be and is hereby approved."</p>		
<p>3. "That KPMG, Chartered Accountants, be reappointed as Auditors of the Company for the next financial year and that the Directors be authorized to fix their remuneration."</p>		
<p>4. "To consider Notices of persons proposed for election as Director(s) of the Company received between 6 March 2020 and 13 March 2020."</p>		
<p>5. To consider, and if thought fit, pass the following resolution: "That no dividend be declared in respect of the period from the incorporation of the Company to 30 September 2019."</p>		
<p>6. "To defer item 6 (concerning authorization of share buybacks) of the Company's Notice of Annual General Meeting dated 29<sup>th</sup> January 2020 ("AGM Notice") to a subsequent meeting of the Company, which item 6 is hereby withdrawn from the AGM Notice."</p>		

Signed this \_\_\_\_ day of \_\_\_\_\_ 2022

\_\_\_\_\_  
Signature

**NOTES:**

1. This Form of Proxy must be received by Jamaica Central Securities Depository Limited at 40 Harbour Street, Kingston, not less than forty-eight (48) hours before the time appointed for the Extraordinary General Meeting.
2. If the appointer is a Corporation, this Form of Proxy must be executed under its Common Seal or under the hand of an officer or attorney duly authorized in writing.
3. The Proxy Form will attract stamp duty of One Hundred Jamaican Dollars (J\$100), which may be paid by affixing adhesive stamp(s) to be cancelled by the person executing the Proxy Form or stamp duty impressed by the Stamp Office.

# Proxy Form

FOR THE ADJOURNED ANNUAL GENERAL MEETING OF  
QWI INVESTMENTS LIMITED TO BE HELD AT 9:15 A.M ON THE 19TH DAY OF JULY 2022

1. Being member(s) of QWI Investments Limited, I/WE:

NAME OF SHAREHOLDER(S)

of  
ADDRESS

2. Hereby appoint

of  
ADDRESS

as my/our proxy, to vote for me/us on my/our behalf at the Adjourned Annual General Meeting of the said Company to be held on the 19th day of July 2022 and any adjournment thereof, as follows:

*(Shareholders are required to insert "X" in the appropriate column below to show how they wish to vote in relation to each resolution.)*

ORDINARY RESOLUTIONS	FOR	AGAINST
<p><b>RESOLUTION NO. 1 - 2020 Audited Financial Statements &amp; Reports of the Directors</b></p> <p>a) To receive and approve the Audited Financial Statements for the year ended 30 September 2020 and the reports of the Directors and the Auditors therein.</p> <p>b) Be it resolved:  <b>THAT</b> the Audited Financial Statements for the year ended 30 September 2020 and the reports of the Directors and the Auditors circulated with the Notice convening the meeting period, be and are hereby approved.</p>		
<p><b>RESOLUTION NO. 2 - Consideration of Person(s) Proposed as Director(s)</b></p> <p>a) To consider person(s), if any, proposed for election and willing to be elected as Director(s) of the Company received between 16<sup>th</sup> March 2021 and 23<sup>rd</sup> March 2021.</p> <p>b) Be it resolved:  <b>THAT</b> Notice(s) of person(s) proposed for election, and any Notice(s) of the willingness of such persons to be elected, as Director(s) of the Company received between 16<sup>th</sup> March 2021 and 23<sup>rd</sup> March 2021, be considered.</p>		
<p><b>RESOLUTION NO. 3 – Appointment and Remuneration of Auditors</b></p> <p>Be it resolved:  <b>THAT</b> KPMG, Chartered Accountants, having signified their willingness to continue in office as Auditors, be and are hereby appointed Auditors of the Company to hold office until the next Annual General Meeting, at the remuneration to be fixed by the Directors of the Company.</p>		
<p><b>RESOLUTION NO. 4 - Approval of No Dividends</b></p> <p>a) To declare no dividend for the year ended 30 September 2020.</p> <p>b) Be it resolved:  <b>THAT</b> no dividend be declared in respect of the year ended 30 September 2020.</p>		
<p><b>RESOLUTION NO. 5 – Remuneration of the Directors</b></p> <p>a) To approve the remuneration of the Directors.</p> <p>b) Be it resolved:  <b>THAT</b> the amount shown in the Audited Financial Statements for the year ended 30 September 2020 as fees to the Directors for services as Directors, be and is hereby approved.</p>		

# Proxy Form

SPECIAL RESOLUTION	FOR	AGAINST
<p><b>RESOLUTION NO. 6 – Approval of Share Buyback</b></p> <p>a) To approve share buyback.</p> <p>b) Be it resolved:  <b>THAT</b> the Company be and is hereby authorized to make Open Market Purchases of its own shares (“Shares”) on such terms and in such manner as the Directors shall from time to time determine, provided that:</p> <p>(i) the maximum price (exclusive of expenses) which may be paid for each of the Shares shall not exceed 85% of the Net Asset Value per share of the Company last published by the Company at the time of such purchase;</p>		
<p>(ii) this authority shall expire at the conclusion of the next annual general meeting of the Company, save that the Company may at any time prior to the expiry of such authority enter into a contract or contracts under which a purchase of Shares, under such authority, will or may be completed or executed wholly or partly after the expiration of such authority, and the Company may purchase Shares in pursuance of any such contract or contracts as if the authority hereby conferred had not expired;</p>		
<p>(iii) any market purchases shall be carried out in accordance with and subject to the applicable Rules of the Jamaica Stock Exchange and any relevant laws of Jamaica;</p>		
<p>(iv) the Secretary of the Company shall – (A) cause a copy of this special resolution, along with a copy of the statutory declaration made by the Directors of the Company in accordance with subsections section 58 of the Companies Act, to be filed at the Companies Office of Jamaica pursuant to section 139 thereof, and (B) do such other acts and things as may be lawfully required to give effect to the foregoing; and</p>		
<p>(v) the Registrar and Transfer Agent of the Company, or the Secretary of the Company, shall make the required entries in the Company’s register of members to reflect the said purchase of Shares by the Company.</p>		

Signed this \_\_\_\_ day of \_\_\_\_\_ 2022

\_\_\_\_\_  
Signature

**NOTES:**

1. This Form of Proxy must be received by Jamaica Central Securities Depository Limited at 40 Harbour Street, Kingston, not less than forty-eight (48) hours before the time appointed for the Annual General Meeting.
2. If the appointer is a Corporation, this Form of Proxy must be executed under its Common Seal or under the hand of an officer or attorney duly authorized in writing.
3. The Proxy Form will attract stamp duty of One Hundred Jamaican Dollars (J\$100) which may be paid by affixing adhesive stamp(s) to be cancelled by the person executing the Proxy Form or stamp duty impressed by the Stamp Office.

# Proxy Form

FOR THE EXTRAORDINARY GENERAL MEETING OF  
QWI INVESTMENTS LIMITED TO BE HELD AT 9:30 A.M. ON THE 19TH DAY OF JULY 2022

1. Being member(s) of QWI Investments Limited, I/WE:

\_\_\_\_\_  
NAME OF SHAREHOLDER(S)

of \_\_\_\_\_  
ADDRESS

2. Hereby appoint \_\_\_\_\_

of \_\_\_\_\_  
ADDRESS

as my/our proxy, to vote for me/us on my/our behalf at the Extraordinary General Meeting of the said Company to be held on the 19th day of July 2022 and any adjournment thereof, as follows:

*(Shareholders are required to insert "X" in the appropriate column below to show how they wish to vote in relation to each resolution.)*

SPECIAL RESOLUTION	FOR	AGAINST
<p>Be it resolved:</p> <p><b>THAT</b> the new Articles of Incorporation, a copy of which is available for inspection at the Company's office at 2 Bell Road, Kingston 11, and at the Company's website <a href="http://www.qwiinvestments.com">www.qwiinvestments.com</a>, be approved and adopted by the Company in place of the Company's present Articles of Incorporation, and the Directors be and are authorized and directed to register such Articles of Incorporation with the Office of the Registrar of Companies with or without such amendments as the board of directors of the Company may deem appropriate, after receiving any requisitions from the Registrar of Companies.</p>		
ORDINARY RESOLUTION	FOR	AGAINST
<p>Be it resolved:</p> <p><b>THAT</b> effective the 1<sup>st</sup> day of October 2021, the remuneration of the individuals comprising the Investment Committee ("IC") of the Company, or of any corporate body authorized to manage the fund under the Company's Investment Incentive Plan ("ICP") shall be as follows: each IC member, or such corporate body, shall be paid (i) an annual retainer fee of J\$2,500,000, (ii) a fixed annual fee equal to 0.2% of the net value of the portfolio to be paid (as the case may be) to such corporate body or paid to and divided amongst the IC members as decided by the Board of Directors, and (iii) an annual incentive fee equal to 7% of the net investment returns above the Hurdle (being the JSE Combined Index) for the financial year to be paid (as the case may be) to such corporate body or paid to and divided amongst the IC members as decided by the Board of Directors; PROVIDED always that aggregate of the fees referred to at (i), (ii), and (iii) above shall not exceed the amount which is equal to 3.0% of the Company's Net Asset Value one financial year.</p>		

Signed this \_\_\_\_ day of \_\_\_\_\_ 2022

\_\_\_\_\_  
Signature

**NOTES:**

1. This Form of Proxy must be received by Jamaica Central Securities Depository Limited at 40 Harbour Street, Kingston, not less than forty-eight (48) hours before the time appointed for the Extraordinary General Meeting.
2. If the appointer is a Corporation, this Form of Proxy must be executed under its Common Seal or under the hand of an officer or attorney duly authorized in writing.
3. The Proxy Form will attract stamp duty of One Hundred Jamaican Dollars (J\$100), which may be paid by affixing adhesive stamp(s) to be cancelled by the person executing the Proxy Form or stamp duty impressed by the Stamp Office.

# Proxy Form

FOR THE ANNUAL GENERAL MEETING OF  
QWI INVESTMENTS LIMITED TO BE HELD AT 10 A.M. ON THE 19TH DAY OF JULY 2022

1. Being member(s) of QWI Investments Limited, I/WE:

NAME OF SHAREHOLDER(S)

of  
ADDRESS

2. Hereby appoint

of  
ADDRESS

as my/our proxy, to vote for me/us on my/our behalf at the Annual General Meeting of the said Company to be held on the 19th day of July 2022 and any adjournment thereof, as follows:

*(Shareholders are required to insert "X" in the appropriate column below to show how they wish to vote in relation to each resolution.)*

RESOLUTIONS	FOR	AGAINST
<b>RESOLUTION NO. 1 - 2021 Audited Financial Statements &amp; Reports of the Directors and Auditors</b> a) To receive and approve the Audited Financial Statements and the Report of the Directors for the year ended 30 September 2021 together with the Auditors' Report therein. b) Be it resolved: <b>THAT</b> the Audited Financial Statements, the Auditors' Report and the Report of the Directors for said period, be and is hereby approved.		
<b>RESOLUTION NO. 2 – Proposed Election of Directors</b> Be it resolved: <b>THAT</b> any Notice(s) of person(s) proposed for election, and any Notice(s) of the willingness of such person(s) to be elected, as Director(s) of the Company between 5th July 2022 and 12th July 2022, be considered."		
<b>RESOLUTION NO. 3 – Appointment and Remuneration of Auditors</b> Be it resolved: <b>THAT</b> KPMG, Chartered Accountants, be reappointed as Auditors of the Company for the next financial year and to authorize the Directors to fix their remuneration		
<b>RESOLUTION NO. 4 – Declaration of Dividends</b> Be it resolved: <b>THAT</b> no dividend be declared in respect of the year ended 30 September 2021.		
<b>RESOLUTION NO. 5 – Remuneration of the Directors</b> Be it resolved: <b>THAT</b> the amount shown in the Audited Financial Statements for the year ended 30 September 2021 as fees to the Directors for services as Directors, be and is hereby approved.		
<b>SPECIAL RESOLUTION</b>		
<b>RESOLUTION NO. 6 – Approval of Share Buyback</b> Be it resolved: <b>THAT</b> the Company be and is hereby authorized to make Open Market Purchases of its own shares ("Shares") on such terms and in such manner as the Directors shall from time to time determine.		

Signed this \_\_\_\_ day of \_\_\_\_\_ 2022

Signature

**NOTES:**

1. This Form of Proxy must be received by Jamaica Central Securities Depository Limited at 40 Harbour Street, Kingston, not less than forty-eight (48) hours before the time appointed for the Extraordinary Annual General Meeting.
2. If the appointer is a Corporation, this Form of Proxy must be executed under its Common Seal or under the hand of an officer or attorney duly authorized in writing.
3. The Proxy Form will attract stamp duty of One Hundred Jamaican Dollars (J\$100), which may be paid by affixing adhesive stamp(s) to be cancelled by the person executing the Proxy Form or stamp duty impressed by the Stamp Office.



(Amended)

## **FORMAL ORDER**



**IN THE SUPREME COURT OF JUDICATURE OF JAMAICA  
IN COMMERCIAL DIVISION  
CLAIM NO. SU 2021 CD 00162**

**IN THE MATTER OF** the Companies Act of  
Jamaica

**AND**

**IN THE MATTER OF** an application by John  
Mahfood for directions pursuant to section  
130(2) of the Companies Act of Jamaica

**IN CHAMBERS  
BEFORE THE HONOURABLE MR JUSTICE BATTS  
THE 18<sup>TH</sup> DAY OF JUNE 2021**

**UPON** the final hearing of the Fixed Date Claim Form herein dated and filed 13<sup>th</sup> April 2021 coming on this day, and **UPON HEARING** Weiden Daley, Attorneys-at-Law, instructed by Hart Muirhead Fatta, Attorneys-at-Law for the Applicant, and Mrs Donia J. Fuller-Barrett, Attorney-at-Law for Financial Services Commission, **IT IS HEREBY ORDERED THAT:-**

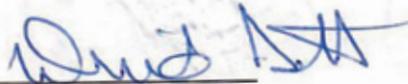
1. An Order that notwithstanding the provisions of the Companies Act, the provisions of the articles of incorporation of Jamaican Teas Limited ("**JAMT**"), QWI Investments Limited ("**QWI**"), and KIW International Limited ("**KIW**") (together, the "**Companies**"), regarding the holding of annual general meetings or extraordinary ordinary general meetings, and any notice of an annual general meeting or extraordinary general meeting, information circular or other documents that may be or already have been disseminated by the Companies or are by law or the articles of incorporation of the Companies required to be disseminated by the Companies to their respective shareholders, JAMT, QWI, and KIW may each call and conduct its annual general meetings and any extraordinary general meeting (the "**Meetings**", which term includes meetings conducted following an adjournment or postponement of the Meetings) in accordance with this order, for the years 2021 and for so long as the Disaster Risk Management (Enforcement Measures) orders subsist.
2. A Declaration that the Meetings called or held in accordance with this order shall be valid.
3. An Order that the Companies are each permitted to conduct the Meetings by either:
  - (1) holding a meeting with one or some shareholders present at a physical venue with a live stream or broadcast of the meeting by electronic means or software (including webcasting, videoconferencing, teleconferencing, a combination of these and/or other electronic means) which allows all shareholders access to see and hear the proceedings, ask questions in such reasonable order and

manner as the chairman may allow, and to vote electronically including before the meeting or by a proxy chosen from among the persons the Companies indicate will be physically present at the meeting; or

(2) holding a meeting entirely by live stream or broadcast of the meeting by electronic means or software (including webcasting, videoconferencing, teleconferencing, a combination of these and/or other electronic means) which allows all shareholders access to see and hear the proceedings, ask questions in such reasonable order and manner as the chairman may allow, and to vote electronically including before the meeting.

4. An Order that the Companies are permitted to provide their shareholders with notices of the Meetings, resolutions, draft resolutions proposed to be passed, circulars, proxy forms, financial statements including profit and loss accounts, balance sheets and auditor's reports and any other document necessary or relevant for the conduct of the Meetings by one or more of the following means, namely: electronic mail, pre-paid mail, posting links to access the documents on their respective websites, and/or on the website of the Jamaica Stock Exchange in the case of JAMT and QWI.
5. A Declaration that any notice or document delivered in accordance with this Order shall satisfy all requirements for serving or delivering documents for the Meetings notwithstanding any provision to the contrary in the Companies Act or the articles of incorporation of the Companies.
6. An Order that the failure or inability of a shareholder to attend or remain in any of the Meetings held in accordance with paragraph 3(1) or 3(2) above as a result of events beyond the control of the Companies shall not constitute a defect in the calling or holding of the Meetings and shall not invalidate any resolution passed or proceedings taken at the Meetings.
7. Liberty to apply.

**BY THE COURT:**



**JUDGE**

**FILED** by **HART MUIRHEAD FATTA** of Victoria Mutual Building, 2<sup>nd</sup> Floor, 53 Knutsford Boulevard, Kingston 5, Attorneys-at-Law for the Applicant, the address for service of which is that of his said Attorneys-at-Law. Tel. (876) 929-7432; fax (876) 929-5755. Ref: WOD (Attorney No. 3956; email: wodaley@hmf.com.jm).



*Building Wealth for our Investors*

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[www.qwiinvestments.com](http://www.qwiinvestments.com)

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