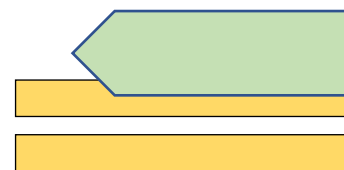


**REPORT FOR THE SECOND  
QUARTER ENDED MARCH 2023**

*Building Wealth for our Investors*

# Directors' Report



QWI's portfolio performed better in the second quarter compared to the first, with significantly reduced losses as conditions improved in the USA and Trinidad and Tobago markets for many of the stocks held in the overseas portfolio.

It is worth noting that while there is focus on potential action by the US Federal Reserve, market rates softened in the US, while rates remained elevated in Jamaica and are just showing signs of softening since late March.

QWI's Net Asset Value (NAV) increased marginally resulting from a net profit of \$5.8 million. This largely reflects the substantial position QWI has in companies listed in Jamaica rather than overseas. The Jamaican market, as reflected in the JSE Combined Index, declined 4.4 percent in the quarter and 6.3 percent for the six months to 31 March 2023. These declines were offset, in part, by gains in our overseas portfolio totalling almost 24 percent for the half year.

QWI's Jamaican investments produced \$54 million of realised and unrealised losses in the quarter. These losses were totally offset by \$55 million of unrealised gains in the overseas portfolios.

The NAV of the Company's shares remained unchanged at \$1.22 at the end of March 2023, which is better than the 4.4 percent decline in the JSE Combined Index during the quarter.

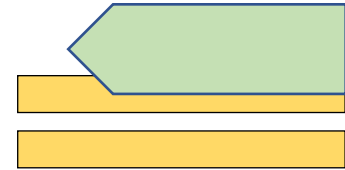
QWI's participation in the Jamaica Stock Exchange main market, the junior market, the USA and the Trinidad stock markets is a differentiating feature of its investment style and allows the Company to engage in and benefit from the disparate performances of all the stocks held in its portfolio. All stock markets do not move in the same direction or change at the same rates, which allows QWI to benefit when one market is rising when another is in decline.

## Market Backdrop

Market conditions during the quarter locally were generally unfavourable. This resulted in unrealised losses on the Jamaican portfolio. Higher interest rates since April 2022 have been the primary cause of falling share prices locally. In the USA, interest rates actually declined in both the quarter and the half year. The movements in the indices of the markets in which we are mostly invested have been as follows:

Quarters Ending	JSE Index	Junior Market Index	JSE Combined Index	S&P 500	MSCI ACWI Index	QWI NAV
September 2021	414,890	3,296	417,203	4,303	714	1.34
December 2021	396,115	3,428	401,130	4,766	755	1.40
March 2022	391,232	4,223	403,781	4,530	712	1.39
June 2022	384,185	4,349	398,329	3,785	597	1.31
September 2022	361,692	4,229	376,222	3,586	559	1.27
December 2022	355,896	3,986	368,591	3,839	605	1.22
March 2023	340,535	3,795	352,487	4,109	657	1.22
% Change - 2nd Quarter	(4.3)	(4.8)	(4.4)	7.0	8.6	0.0
% Change since September 2022	(5.8)	(10.2)	(6.3)	14.6	17.5	(3.9)

Note – The JSE Combined Index is the benchmark used to evaluate the performance of QWI's Investment Committee



# Second Quarter Results

Unrealised exchange losses totalled \$2 million versus \$6.6 million of gains a year ago.

Administration costs declined to \$24.3 million (2022 - \$24.6 million).

This period, the Company recorded a deferred tax credit of \$33.6 million.

# Year To Date Results

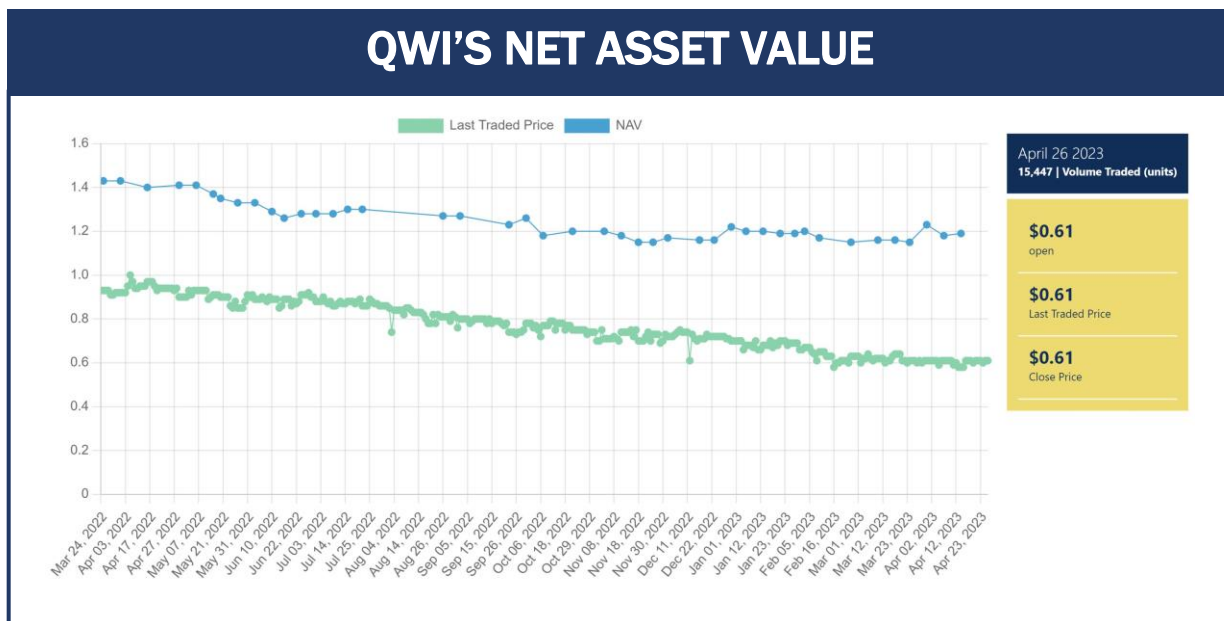
QWI's Jamaican investments produced \$159 million of realised and unrealised losses for the half year. These losses were only partially offset by \$82 million of unrealised gains in the overseas portfolios.

The Net Asset Value (NAV) of the Company's shares declined by 3.9 percent up to the end of March 2023, which is better than the 6.3 percent decline in the JSE Combined Index during the quarter.

Unrealised exchange losses totalled \$6 million versus \$24 million of gains a year ago.

Administration costs declined to \$38 million (2022 - \$56.9 million), mainly due to lower investment management expenses and lower administration management costs.

For the year to date, the Company recorded a deferred tax credit of \$59.6 million.



# Statement of Financial Position

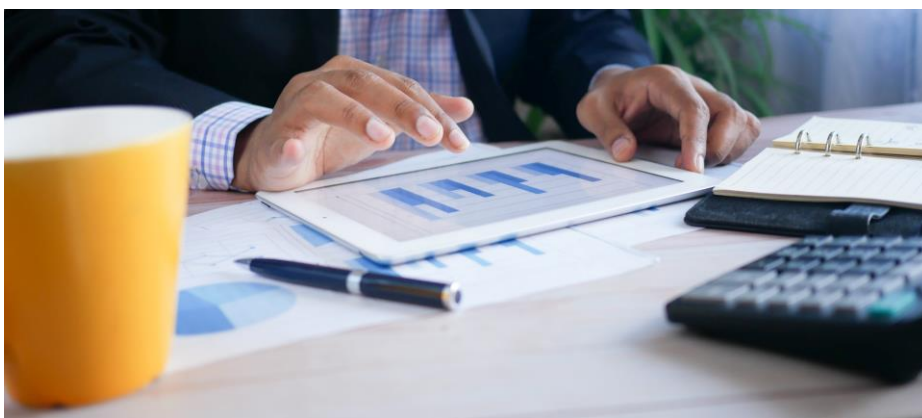
QWI ended the period with equity capital of \$1.67 billion, down from \$1.73 billion at the end of September 2022. This decline resulted from the unrealised portfolio losses already mentioned.

During the half year, the Company had gradually increased its holdings of equities listed in the USA and Trinidad and Tobago; these holdings stood at US\$3.0 million at 31 March 2023. The portfolio includes positions in several leading information technology companies, retailers, aerospace and services companies.

Investments in all stocks amounted to \$1.9 billion with 76 percent represented by Jamaican listed stocks.

The Company is holding approximately \$74 million in balances at its banks and brokers.

Borrowings, inclusive of bank overdrafts, at end March 2023 amounted to \$312 million, all denominated in Jamaican dollars, a \$34 million reduction from September 2022.



# Top 10 Holdings

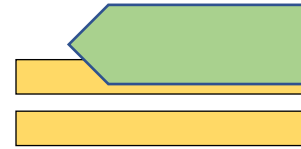
## Jamaican and US Markets

### at 31 March 2023

Jamaican Holdings	Shares Held	J\$ Value	US Holdings	Shares Held	US\$ Value
Access Financial	8,500,000	220,872,500	Meta	1,000	211,940
Caribbean Producers	13,011,828	125,954,495	United Rentals	400	158,304
Stationery and Office	7,249,343	114,322,139	Nvidia	500	138,885
Dolphin Cove	6,000,000	87,750,000	Boeing Co	650	138,079
Caribbean Cement	1,400,000	84,196,000	Apple	800	131,920
Jamaica Broilers	2,100,000	78,739,500	Alphabet	1,200	124,800
General Accident	15,032,119	73,281,580	Lockheed Martin	250	118,182
JMMB Group	2,039,336	68,062,839	Northrop Grumman	250	115,430
Radio Jamaica Group	28,087,261	64,038,955	Home Depot	300	88,536
GraceKennedy	706,709	56,890,075	Vaneck Semiconductor	300	78,957

QWI's 10 largest listed holdings on the Jamaica Stock Exchange (JSE) represent sixty-eight percent of our local quoted investments

QWI's 10 largest USA listed holdings represent fifty-two percent of our USA quoted investments.



# Outlook

The Company's Investment Committee actively monitors QWI's investment portfolio and the markets in which we operate.

The rate of USA inflation is clearly in decline, and ongoing reductions in USA home price and home rental inflation will soon add to these changes, resulting in even lower rates. The cost of services in the USA, which largely reflects trends in wages, has not yet shown the declines seen in the prices of some goods and commodities. This is one source of future market uncertainty. Opinions also differ concerning the extent to which interest rates will follow the downward trend of inflation rates and whether commodity prices will increase again later in 2023.

In the first half, QWI's USA share portfolio benefitted from the trend towards lower USA inflation and interest rates which, together with improved profit performance at several of the companies in which we invest, resulted in higher share prices in the quarter.

Local interest rates also began declining in March 2023 as inflation returned to the 6 percent mark at the top end of the Bank of Jamaica's target range. More importantly for investors, inflation since November last year is running at less than one percent per annum to March. This offers hope that the high rate of inflation might be tamed and will allow for easing of interest rates locally before too long.

We continue to be encouraged by the ongoing buoyancy in visitor arrivals and the improved profit results being posted by several companies in 2022 compared to 2021. We remain optimistic about the prospects for many of our largest Jamaican holdings.

John Jackson

Chairman

John Mahfood

Director

27 April 2023

# Unaudited Statement of Financial Position

	(Audited)		
	March 2023	March 2022	September 2022
Quoted Investments - local	1,436,756,133	1,805,957,128	1,637,917,353
Quoted Investments - overseas	447,240,210	460,430,467	342,719,946
Due from brokers and other receivables	20,760,939	128,727,302	107,542,622
Cash and bank	<u>53,379,257</u>	<u>11,992,283</u>	<u>43,537,845</u>
<b>Total assets</b>	<b><u>1,958,136,539</u></b>	<b><u>2,407,107,180</u></b>	<b><u>2,131,717,766</u></b>
Current liabilities and accruals	(14,281,841)	(88,009,832)	(32,389,214)
Bank overdrafts (Note 5)	<u>(144,625,567)</u>	<u>(-)</u>	-
Current Liabilities	(158,907,408)	(88,009,832)	(32,389,214)
<b>Non-Current Assets / (Liabilities):</b>			
Deferred tax asset /(liabilities)	39,539,695	(82,301,247)	(22,909,582)
Margin loans (Note 5)	<u>(167,915,127)</u>	<u>(335,694,565)</u>	<u>(346,443,380)</u>
<b>Total Non-Current Liabilities</b>	<b><u>(128,375,432)</u></b>	<b><u>(506,005,644)</u></b>	<b><u>(369,352,962)</u></b>
<b>Net assets</b>	<b><u>\$1,670,853,699</u></b>	<b><u>1,901,101,536</u></b>	<b><u>1,729,975,590</u></b>
Share capital /Reserves	1,664,798,938	1,623,476,540	1,630,355,586
Retained earnings	<u>6,054,761</u>	<u>277,624,996</u>	<u>99,620,004</u>
<b>Total equity</b>	<b><u>\$1,670,853,699</u></b>	<b><u>1,901,101,536</u></b>	<b><u>1,729,975,590</u></b>
<b>Net Assets per share (Note 8)</b>	<b><u>\$1.22</u></b>	<b><u>\$1.39</u></b>	<b><u>\$1.27</u></b>

These financial statements were approved for issue by the Board of Directors on 27 April 2023 and signed on its behalf by:



John Jackson  
Chairman



John Mahfood  
Director

# Unaudited Statement of Profit or Loss

	Quarter Ended		Year to Date	
	March 2023	March 2022	March 2023	March 2022
(Losses)/gains from investments (Note 4)	(325,153)	70,601,065	(77,034,952)	184,002,081
Unrealised currency (loss)/gain	(2,136,700)	6,618,430	(6,629,596)	24,011,155
Dividend, interest and other income	<u>8,151,495</u>	<u>5,544,626</u>	<u>21,091,824</u>	<u>18,135,954</u>
	<u>5,689,642</u>	<u>82,764,121</u>	<u>(62,572,724)</u>	<u>226,149,190</u>
Administrative and other expenses	24,298,452	24,575,905	38,000,808	56,894,688
Interest expense	<u>9,199,282</u>	<u>7,460,629</u>	<u>18,141,522</u>	<u>15,218,886</u>
<b>(Loss)/Profit before taxation</b>	(27,808,092)	50,727,588	(118,715,054)	154,035,616
Taxation credit/ (charge) (Note 6)	<u>33,610,122</u>	<u>(12,044,191)</u>	<u>59,593,163</u>	<u>(32,315,327)</u>
<b>Profit /(Loss) for the period</b>				
<b>being total comprehensive income/(loss)</b>	<u>\$5,802,030</u>	<u>38,683,397</u>	<u>(59,121,891)</u>	<u>121,720,289</u>
<b>Basic Earnings/(Loss) per share (Note 9)</b>	<u>\$0.00</u>	<u>\$0.03</u>	<u>(\$0.04)</u>	<u>\$0.09</u>



# Unaudited Statement of Cash Flows

	Year to Date		Year Ended
	March 2023	March 2022	September 2022
(Loss)/Income after taxation	(59,121,891)	121,720,289	(49,405,652)
Taxation	(59,593,163)	32,315,327	(25,072,065)
Net unrealised investment losses /(gains)	61,168,659	(146,401,332)	(12,928,980)
Accounts payable/Margin loans/Other	<u>(196,635,626)</u>	<u>(9,308,241)</u>	<u>(48,948,510)</u>
	<u>(254,182,021)</u>	<u>(1,673,957)</u>	<u>(136,355,207)</u>
Net sales/(Purchases) of quoted investments	35,472,297	158,674,575	303,647,512
Taxation paid/dividends declared	(2,856,114)	(50,673,203)	(50,604,008)
Drawdown of bank overdraft facilities	144,625,567	-	-
Due from brokers and accounts receivable	<u>86,781,683</u>	<u>(101,196,662)</u>	<u>(80,011,982)</u>
	<u>264,023,433</u>	<u>6,804,710</u>	<u>173,031,522</u>
Increase/(decrease) in cash and bank balances	9,841,412	5,130,753	36,676,315
Cash and bank balances - beginning of period	<u>43,537,845</u>	<u>6,861,530</u>	<u>6,861,530</u>
Cash and bank balances - ending of period	<u>\$53,379,257</u>	<u>11,992,283</u>	<u>43,537,845</u>

# Unaudited Statement of Changes in Shareholders' Equity

	Share Capital/ Reserves	Retained Earnings	Total
Total equity at 30 September 2021	1,623,476,540	203,679,707	1,827,156,247
Dividend declared		(47,750,000)	(47,750,000)
Total comprehensive income		<u>121,720,289</u>	<u>121,720,289</u>
Total equity at 31 March 2022	<u>\$1,623,476,540</u>	<u>277,624,996</u>	<u>1,901,101,536</u>
Total equity at 30 September 2022	<u>1,630,355,586</u>	<u>99,620,004</u>	<u>1,729,975,590</u>
Transfer from retained earnings to Franked income reserve	34,443,352	(34,443,352)	-
Total comprehensive (loss)	<u>-</u>	<u>(59,121,891)</u>	<u>(59,121,891)</u>
Total equity at 31 December 2022	<u>\$1,664,798,938</u>	<u>6,054,761</u>	<u>1,670,853,699</u>

# Notes to the Financial Statements

## 1. Identification

QWI Investments Limited (the Company) was incorporated on 18 December 2018. The Company is domiciled in Jamaica. Its registered office is situated at 2 Bell Road, Kingston 11, Jamaica W.I. The Company is listed on the Jamaica Stock Exchange.

At 31 March 2023, the Company was 44.34 percent (2021- 40.61 percent) owned by member companies of the Jamaican Teas Limited Group of Companies.

The principal activity is holding and managing investments in quoted securities. The Company's affairs are administered by Jamaican Teas Limited pursuant to a long-term Administration Services Agreement. The Company's income for the period was mainly realised and unrealised gains from investment activities.

## 2. Basis of Preparation

The financial statements are prepared in compliance with International Financial Reporting Standards, the provisions of the Jamaican Companies Act and the accounting policies as more fully described in the Companies audited financial statements ended 30 September 2022.

## 3. Investments

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

## 4. Investment Activities

Investment activities during the periods ended 31 March comprised:

	Half Year Ended		Year Ended September 2022 (Audited)
	March 2023	March 2022	
Realised (losses)/gains - Jamaica	(16,973,273)	30,091,108	(11,489,147)
Realised gains – Overseas	1,106,978	7,509,631	4,184,141
Unrealised (losses)/ gains - Jamaica	(142,463,083)	156,825,289	109,396,574
Unrealised gains/(losses)- Overseas	<u>81,294,424</u>	<u>(10,423,957)</u>	<u>(96,467,594)</u>
<b>Total</b>	<u>(77,034,952)</u>	<u>184,002,081</u>	<u>5,623,883</u>

# Notes to the Financial Statements

## 5. Overdraft and Margin Loans

a) At 31 March 2023, the Company's assets were charged in the sum of \$183,708,828 in favour of Bank of Nova Scotia Jamaica Limited. The assets charged, comprised listed shares owned by the Company and were pledged to secure an overdraft facility of \$50,000,000 at an interest rate of 8.5 percent per annum. \$47,177,149 was outstanding under this overdraft facility at 31 March 2023.

b) At 31 March 2023, the Company's assets were charged in the sum of \$200,000,000 in favour of Sagcor Bank Jamaica Limited. The assets charged, comprised listed shares owned by the Company and were pledged to secure an overdraft facility of \$100,000,000 at an interest rate of 8.5 percent per annum. \$97,448,418 was outstanding under this overdraft facility at 31 March 2023.

c) At 31 March 2023, the Company's assets were charged in the sum of \$877,319,142 in favour of Victoria Mutual Investments Limited. The assets charged, comprised listed shares owned by the Company and were pledged to secure loan facilities of \$443,000,000 at an interest rate of 15.5 percent per annum. The facilities are repayable at the option of the borrower at any time but in no event later than dates falling between 30 October 2025 and 31 March 2026, unless extended by the lender. \$167,915,127 was outstanding under these facilities at 31 March 2023.

## 6. Taxation

Taxation for the six months to 31 March comprised:	2023	2022
Income tax withheld at source on dividend income	2,856,114	2,898,204
Deferred taxation (credit)/charge	<u>(62,449,277)</u>	<u>29,417,123</u>
<b>Total</b>	<b><u>\$( 59,593,163)</u></b>	<b><u>32,315,327</u></b>

## 7. Share Capital

Authorised: Unlimited ordinary shares at no par value		
Number of shares Issued and fully paid:	<u>1,365,000,015</u>	<u>1,365,000,015</u>

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

The Net Asset Value per share as at 31 March 2023 was \$ 1.22 (31 March 2022 - \$1.39) and this was derived by dividing the net assets of the Company of \$ 1,670,853,699 (2021 - \$1,901,101,536) by the 1,365,000,015 shares issued and outstanding as at 31 March 2023 (2022 - 1,365,000,015).

## 9. Earnings per share

The earnings per share for the reporting periods were computed using the weighted average number of issued shares of 1,365,000,015 shares.



*Building Wealth for our Investors*

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

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