

# Sterling Investments Limited Financial Highlights- Results for the year ended December 31, 2023.

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Sterling Investments Limited (SIL) demonstrated resilience amidst broad market challenges in 2023. SIL continued to generate steady levels of US dollar income from its global bond portfolio and shareholders enjoyed this in the form of dividends throughout the year. Management took advantage of the market declines by purchasing undervalued assets and reinvesting liquidity in higher yielding securities.

## Highlights:

- **Net operating income increased 155%**
- **Earnings after tax increased by 140%**
- **Successfully navigated the aggressive increase in interest rates**
- **Bond portfolio is well positioned to benefit from future rate cuts**

## Financial Report:

Total interest income declined by 1.2% from J\$148.2million in 2022 to J\$146.5 million in 2023. This was the result of asset sales/ maturities that were not immediately reinvested by management. This decision was intentionally taken to permit interest rates to find a peak before the purchase of new assets. Total interest expense increased significantly because of the increase in interest rates. Total interest expense rose 85% from J\$16.5 million in 2022 to J\$30.6 million in 2023. SIL experienced total foreign exchange gains of J\$30 million in 2023 compared to losses of J\$30.3 million in 2022. The company maintains its current outlook that a long US dollar position is the safest and most rewarding long-term investment strategy for shareholders. The held for trading revaluation totaled a gain of J\$14.8 million in 2023 versus a loss of J\$17.6 million in 2022. This was the result of an improvement in equity prices which resulted in higher prices for equity linked structured notes in the portfolio. The improvement in the asset values combined with the foreign exchange gains drove a 141% increase in net profit from J\$42.7 million in 2022 to J\$102.9 million in 2023.

Total assets increased by 4.4% from J\$1.7 billion as at December 31, 2022 to J\$1.8 billion as at December 31, 2023, largely the result of an improvement in the asset prices. Total equity increased 5.9% from J\$1.3 billion in 2022 to J\$1.4 billion in 2023.

Investors will continue to benefit from the US dollar income SIL's portfolio generates through dividend payments. SIL's exposure to the developed countries delivers a true source of diversification to shareholders. Management anticipates that the value of the securities within the portfolio will appreciate as interest rates come down. This offers shareholders the opportunity to experience real growth in the intrinsic value of their investment.

**OUTLOOK:** The investment manager remains focused on managing duration and interest rate risks as well as positioning the portfolio to take advantage of future volatility that may arise.

**ABOUT STERLING INVESTMENTS LIMITED:** Sterling Investments Limited is an investment holding company that invests primarily in US dollar fixed income investments across the globe. The company was formed in 2012 when the JMD/USD exchange rate was J\$92 / US\$1 and prior to the National Debt Exchange. SIL continues to preserve and grow the capital of its shareholders which include pension funds and long-term investors.