

## REPORT FOR THE SECOND QUARTER ENDED MARCH 2024

*Building Wealth for our Investors*

# Directors' Report



QWI Investments (QWI) continued the fiscal year ending September 2023 with a favourable second quarter profit before tax of \$74.4 million versus a loss before tax of \$27.8 million in the year ago quarter.

The quarter represented a continuation of the Company's performance in the year ended September 2023, which was characterized by a strong performance in our overseas portfolios, partly offset by a weaker performance in the local stock market. Our overseas portfolio grew 27 percent in the quarter –better than the 22.5 percent growth in the S&P 500 and the 23.9 percent growth in the NASDAQ Composite index in the same period.

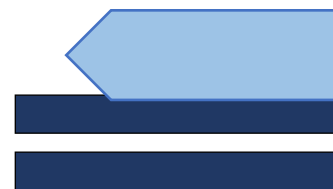
## Market Backdrop

Market conditions in Jamaica, during the quarter, improved slightly, resulting in unrealised gains in the local portfolio. The USA markets showed a strong increase in share prices as investors priced for continued declines in interest rates in 2024.

The movements in the indices of the markets in which we are mainly invested were as follows:

Quarters Ending	JSE Index	Junior Market Index	JSE Combined Index	S&P 500	NASDAQ Composite Index	QWI Net Asset Value Per share
September 2021	414,890	3,296	417,203	4,307	14,448	1.34
September 2022	361,691	4,229	376,221	3,586	10,575	1.27
September 2023	327,042	3,959	341,388	4,288	13,219	1.23
December 2023	325,699	3,848	339,158	4,770	15,011	1.25
<b>Percentage Change 1<sup>st</sup> Quarter</b>	(0.4)	(2.8)	(0.7)	11.2	13.6	1.6
<b>March 2024</b>	327,799	3,876	341,247	5,254	16,379	1.29
<b>Percentage Change 2<sup>nd</sup> Quarter</b>	0.6	0.7	0.6	10.1	9.1	3.2
<b>Percentage Change Year to date</b>	0.2	(2.0)	0.0	22.5	23.9	4.9

## Second Quarter Results



QWI's Jamaican investments, which represent 67 percent of the Company's portfolio, produced \$6.5 million of unrealised gains and realised losses of \$6.2 million in the quarter — the latter as we rotated some of the stocks in the portfolio and reduced the Company's bank overdraft.

In contrast, our overseas portfolio produced almost \$156 million of unrealised gains.

The Net Asset Value (NAV) of the Company's shares increased 3.2 percent from \$1.25 in December 2023 to \$1.29 at the end of March 2024.

This relative outperformance against the Jamaican indices reflects QWI's exposure to the USA market, which saw significant gains in the quarter.

Unrealised exchange losses totalled \$10.8 million versus \$2.1 million a year ago.

Administration costs rose to almost \$24.7 million compared to \$24.2 million in the prior year

## Statement of Financial Position

QWI ended the period with equity capital of \$1.756 billion, up from \$1.685 billion at end September 2023.

At the end of the period, the Company held US\$4.4 million in equities listed in the USA and Trinidad and Tobago. The portfolio includes positions in several leading information technology companies, defense contractors and companies involved in housing and construction.

Investments in local and overseas stocks amounted to \$2 billion with 67 percent represented by Jamaican listed stocks and the majority of the balance invested in the USA market.

Total borrowings at the end of March 2024 were little changed at \$271 million.

# Top 10 Holdings

at 31 March 2024

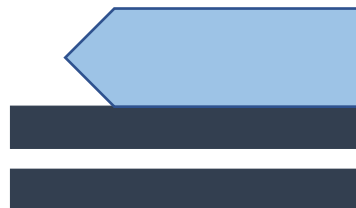
The Company's 10 largest listed holdings on the Jamaica Stock Exchange (JSE) were as follows:

Jamaican Holdings	Shares held	J\$ Value
Access Financial Services	8,500,000	186,532,000
Dolphin Cove	6,649,592	126,176,008
Caribbean Producers	13,011,828	122,961,775
Stationery and Office Supplies	67,500,000	115,087,500
Caribbean Cement	1,500,000	92,587,500
Lasco Manufacturing	13,000,000	76,830,000
Scotia Group Jamaica	1,600,000	75,912,000
General Accident Insurance	12,032,119	73,937,371
Jamaica Broilers	2,100,000	71,389,500
Lasco Distributors	12,000,000	60,540,000

The Company's 10 largest USA listed holdings were as follows:

US Holdings	Shares held	US\$ Value
Meta	1,000	485,580
Nvidia	400	361,424
United Rentals	500	288,444
Alphabet	1,200	182,712
Pulte Homes	1,500	180,930
Apple	800	137,184
Broadcom	100	132,541
Boeing Co.	650	125,443
Northrop Grumman	200	119,665
Lockheed Martin	250	113,717

# Outlook



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

In the Jamaican market, Company earnings continue to be mixed while local interest rates, in particular the 30 day Bank of Jamaica CD, continue to rise, suggesting that sluggishness will persist in the short term.

In the USA, the outlook for significant interest rate cuts is receding, but this adverse trend has been offset by strong earnings growth for some companies and buoyancy in many economic indicators. Like the Jamaican market, this suggests that future opportunities will continue to be selective.

BY ORDER OF THE BOARD

Dated the 19<sup>th</sup> day of April 2024

John Jackson

Chairman

John Mahfood

Director



# Unaudited Statement of Financial Position

	March 2024	March 2023	Audited September 2023
Quoted Investments - local	1,381,035,558	1,436,756,133	1,490,154,355
Quoted Investments - overseas	672,332,608	447,240,210	517,174,847
Due from brokers and other receivables	35,993,009	20,760,939	15,230,755
Cash and bank	<u>3,755,689</u>	<u>53,379,257</u>	<u>2,195,899</u>
<b>Total assets</b>	<b><u>2,093,116,864</u></b>	<b><u>1,958,136,539</u></b>	<b><u>2,024,755,856</u></b>
Current liabilities and accruals	37,671,568	14,281,841	61,816,855
Bank Overdraft (Note 5)	<u>122,179,450</u>	144,625,567	<u>151,457,758</u>
<b>Current Liabilities</b>	<b>159,851,018</b>	<b>158,907,408</b>	<b>213,274,613</b>
<b>Non-Current Liabilities:</b>			
Deferred Tax Liabilities /(Assets)	28,035,844	(39,539,695)	3,709,834
Margin Loans (Note 5)	<u>149,045,754</u>	<u>167,915,127</u>	<u>121,915,127</u>
<b>Total Non-Current Liabilities</b>	<b><u>177,081,598</u></b>	<b><u>128,375,432</u></b>	<b><u>125,624,961</u></b>
<b>Net assets</b>	<b><u>\$1,756,184,248</u></b>	<b><u>1,670,853,699</u></b>	<b><u>1,685,856,282</u></b>
Share Capital / Reserves	1,664,798,938	1,664,798,938	1,664,798,938
Retained earnings	<u>91,385,310</u>	<u>6,065,761</u>	<u>21,057,344</u>
<b>Total equity</b>	<b><u>\$1,756,184,248</u></b>	<b>1,670,853,699</b>	<b><u>1,685,856,282</u></b>
<b>Net Assets per Share (Note 8)</b>	<b>\$1.29</b>	<b>\$1.22</b>	<b>\$1.23</b>

These financial statements were approved for issue by the Board of Directors on 19 April 2024 and signed on its behalf by:



John Jackson  
Chairman



John Mahfood  
Director

# Unaudited Statement of Profit or Loss

	Quarter Ending			Year to date	Audited Year to
	March	March	March	March	September
	2024	2023	2024	2023	2023
Gains/ (Losses) from investments (Note 4)	114,985,048	(325,153)	152,641,503	(77,034,952)	16,062,153
Unrealised currency (loss)	(10,869,650)	(2,136,700)	(12,099,825)	(6,629,596)	(2,511,277)
Dividend, interest and other income	<u>4,115,465</u>	<u>8,151,495</u>	<u>18,963,238</u>	<u>21,091,824</u>	<u>45,466,626</u>
	<u>108,230,863</u>	<u>5,689,642</u>	<u>159,504,916</u>	<u>(62,572,724)</u>	<u>59,017,502</u>
Administrative and other expenses	24,674,559	24,298,452	43,884,464	38,000,808	83,059,445
Interest expense	<u>9,144,703</u>	<u>9,199,282</u>	<u>18,398,306</u>	<u>18,141,522</u>	<u>34,028,280</u>
<b>Profit /(loss) before taxation</b>	74,411,601	(27,808,092)	97,222,146	(118,715,054)	(58,070,223)
<b>Taxation (charge)/credit (Note 6)</b>	<u>(22,070,567)</u>	<u>33,610,122</u>	<u>(26,894,180)</u>	<u>59,593,163</u>	<u>13,950,915</u>
<b>Profit /(loss) for the period</b>					
<b>being total comprehensive income/ (loss)</b>	<u>\$52,341,034</u>	<u>5,802,030</u>	<u>70,327,966</u>	<u>(59,121,891)</u>	<u>(44,119,308)</u>
<b>Basic Earnings / (loss) per share (Note 9)</b>	\$0.04	\$0.00	\$0.05	(\$0.04)	(\$0.03)

# Unaudited Statement of Cash Flows

	Year to date		Year Ending
	March 2024	March 2023	September 2023
Income /(loss) after taxation	70,327,966	(59,121,891)	(44,119,308)
Taxation	26,894,180	(59,593,163)	(13,950,915)
Net unrealised investment (gains)/ losses	(152,308,006)	61,168,659	(41,267,999)
Dividend income	(18,962,020)	(20,022,560)	(44,388,915)
Accounts payable/Margin Loans/Other	<u>2,985,340</u>	<u>(196,635,626)</u>	<u>(169,894,766)</u>
	<u>(71,062,540)</u>	<u>(274,204,581)</u>	<u>(313,621,903)</u>
Net Sales /(Purchases) of Quoted	106,269,042	35,472,297	(10,629,750)
Taxation paid	(2,568,170)	(2,856,114)	(5,248,833)
Dividends received	18,962,020	20,022,560	36,232,345
Due from brokers and Accounts receivable	<u>(20,762,254)</u>	<u>86,781,683</u>	<u>100,468,437</u>
	<u>101,900,638</u>	<u>139,420,426</u>	<u>120,822,199</u>
Increase/(decrease) in cash and bank balances	30,838,098	(134,784,155)	(192,799,704)
Net Cash and bank balances - beginning of period	<u>(149,261,859)</u>	<u>43,537,845</u>	<u>43,537,845</u>
Net Cash and bank balances - ending of period	<u>(\$118,423,761)</u>	<u>(91,246,310)</u>	<u>(149,261,859)</u>



# Unaudited Statement of Changes in Shareholders' Equity

	Share Capital /Reserves	Retained Earnings	Total
Total equity at 30 September 2022	1,630,355,586	99,620,004	1,729,975,590
Total comprehensive (loss)		(59,121,891)	(59,121,891)
Transfer	<u>34,443,352</u>	<u>(34,443,352)</u>	<u>-</u>
Total equity at 31 March 2023	<u>1,664,798,938</u>	<u>6,054,761</u>	<u>1,670,853,699</u>
Total equity at 30 September 2023	1,664,798,938	21,057,344	1,685,856,282
Total comprehensive profit		<u>70,327,966</u>	<u>70,327,966</u>
Total equity at 31 March 2024	<u>1,664,798,938</u>	<u>91,385,310</u>	<u>1,756,184,248</u>

# Notes to the Financial Statements

## 1. Identification

QWI Investments Limited (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 2024, the Company was 44.38 percent (2022- 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 2023.

## 3. Investments

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

## 4. Investment Activities

Investment activities during the period ended 31 March comprised:

	Half Year Ending		Year Ending
	March 2024	March 2023	September 2023
			(Audited)
Realised (losses) - Jamaica	(6,191,541)	(16,973,273)	(34,050,679)
Realised gains – Overseas	6,525,038	1,106,978	8,844,834
Unrealised (losses) -Jamaica	(3,493,677)	(142,463,083)	(94,440,103)
Unrealised gains-Overseas	<u>155,801,683</u>	<u>81,294,424</u>	<u>135,708,101</u>
<b>Total</b>	<u><b>152,641,683</b></u>	<u><b>(77,034,952)</b></u>	<u><b>16,062,153</b></u>

# Notes to the Financial Statements

## 5. Overdraft and Margin Loans

a) At 31 March 2024, investments were charged in the sum of \$110,788,855 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. \$48,857,726 was outstanding under this overdraft facility at 31 March 2024.

b) At 31 March 2024, investments were charged in the sum of \$400,000,000 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 \$200,000,000 at an interest rate of 9.5 percent per annum. \$73,321,724 was outstanding under this overdraft facility at 31 March 2024.

c) At 31 March 2024, investments were charged in the sum of \$323,614,250 in favour of Sagcor Bank Jamaica Limited. The assets charged comprised listed shares owned by the Company and were pledged to secure a loan of \$150,000,000 at an interest rate of 9.5 percent per annum. The loan is repayable over 60 months. \$150,000,000 was outstanding at 31 March 2024.

## 6. Taxation

Taxation for the three months to 31 March comprises:	<b>2023</b>	<b>2022</b>
Income tax withheld at source on dividend income	2,568,170	2,856,114
Deferred taxation charge/(credit)	<u>24,326,010</u>	<u>(62,449,277)</u>
<b>Total</b>	<u>\$26,894,180</u>	<u>(59,593,163)</u>

## 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 per share

The Net Asset Value per share as at 31 March 2024 was \$ 1.29 (31 March 2023 - \$1.22) and this was derived by dividing the net assets of the Company of \$ 1,756,184,249 (2023 - \$1,670,853,699) by the 1,365,000,015 shares issued and outstanding as at 31 March 2024 and 2023.

## 9. Earnings per share

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



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