

**REPORT FOR THE FOURTH QUARTER  
ENDED 30 September 2021**



*Building Wealth for our Investors*

## Report of Directors

QWI Investments (QWI) reports an unaudited profit before tax of \$35.2 million in the fourth quarter ending September 2021, an increase of \$26.3 million from \$8.9 million for the corresponding quarter in 2020.

The recovery in Net Asset Value (NAV), which began in the second half of the 2020 calendar year, slowed due to the negative price trends seen in almost all the markets in which the company participated during the quarter, but primarily in the month of September.

For the year ended 30 September 2021, QWI recorded a profit before tax of \$474.9 million compared with a pre-tax loss of \$527.5 million in the year ago period.

The results for the year have reversed the deficit in the retained earnings of \$145.7 incurred to the end of the September 2020 financial year.

### MARKET BACKDROP

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

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

Quarters Ending	JSE Index	Junior Market Index	S&P 500	MSCI AWI Index	QWI NAV
September 2020	380,426	2,556	3,579	565	1.08
December 2020	395,615	2,643	3,756	646	1.15
March 2021	394,659	2,983	3,973	673	1.21
June 2021	425,564	3,371	4,301	722	1.33
September 2021	414,890	3,296	4,307	714	1.35
Percentage Change 4th Quarter	-2.5	-2.2	0.1	-1.1	1.5
Percentage Change year to September 2021	9.0	28.9	20.3	26.4	25.0

## FOURTH QUARTER RESULTS

QWI's Jamaican investments, which represent 75 percent of the Company's portfolio, generated \$27.1 million in unrealised gains and \$20.3 million in realised gains in the quarter.

The Net Asset Value (NAV) of the Company's shares increased 1.5 percent from \$1.33 in June 2021 to \$1.35 at the end of September 2021. This performance surpassed the 2.5 percent decline in the Jamaica Stock Exchange's main index during the quarter.

The Company also took advantage of the favourable conditions in the USA and achieved gains of \$8.7 million, which was offset by unrealised losses of \$17 million.

The Company's USA investment portfolio produced a total return of minus 2 percent, which was worse than the movements in the S&P 500 and the MSCI All Countries World Index, QWI's main benchmark.

For this quarter, unrealised exchange gains totalled \$6.6 million versus an \$11.6 million loss a year ago.

Administration costs grew to almost \$15 million (2020- \$10.1 million).

The Company's tax expense was mainly comprised of provisions for deferred tax and amounted to \$5.9 million.

## YEAR TO DATE RESULTS

The Net Asset Value (NAV) of the Company's shares increased 25 percent from \$1.08 at the end of September 2020 to \$1.35 at the end of September 2021. This performance compares favourably with the 9 percent increase in the Jamaica Stock

Exchange's main index during the year and the 20.3 percent increase in the S&P 500.

QWI's Jamaican portfolio yielded \$363.5 million in unrealised gains in the year to date. Gains of \$75.4 million were realised in the USA. Year to date, total investment gains amounted to \$516.1 million compared with \$490.3 million of net losses in the year ago period.

A total return of 29 percent was achieved in the Company's USA investments, which represented a significant outperformance of the 20.3 percent and 26.4 percent growth in the S&P 500 and the MSCI World Index respectively.

Unrealised exchange gains totalled less than \$6.2 million and administration costs were \$49.9 million versus \$42.2 million in 2020.

The Company's tax expense comprised, for the most part, provisions for deferred tax totalling \$107.7 million versus a deferred tax credit of \$136.3 million a year ago.

## STATEMENT OF FINANCIAL POSITION

The quarter ended with equity capital of \$1.84 billion, up from \$1.48 billion at the end of September 2020, resulting from the profit reported during the year.

At the end of the quarter, the Company held in excess of US\$3 million in equities listed in the USA and Trinidad and Tobago. The portfolio includes positions in several leading information technology and life science companies, retailers, aerospace and service companies.

# QWI INVESTMENTS LIMITED

## REPORT FOR THE FOURTH QUARTER ENDED 30 SEPTEMBER 2021

Investments in local and overseas stocks amounted to \$2.228 billion, with 75 percent represented by Jamaican listed stocks and the majority of the balance invested in US markets.

The Company continued to utilise borrowed funds in its investment activities with \$411.8 million in borrowings at end September 2021 compared with \$195 million at end September 2020.

### TOP 10 LISTED HOLDINGS

The Company's 10 largest listed holdings on the Jamaica Stock Exchange (JSE), represent 68 percent of our local quoted investments and the 10 largest USA listed holdings 45 percent of our USA quoted investments.

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

Jamaican Holdings	Shares held	J\$ Value
GraceKennedy	1,899,546	188,406,470
Access Financial Services	8,500,000	177,375,000
Jamaican Teas	31,901,174	128,402,225
Caribbean Cement Co	1,400,000	157,780,000
Mail Pac Group	30,811,643	120,319,466
JMMB Group	2,970,356	113,616,117
Radio Jamaica	25,087,261	93,450,047
General Accident Insurance	15,032,119	82,300,852
Lumber Depot	19,000,000	54,720,000
Stationery and Office Supplies	7,006,672	43,931,833



As at 30 September 2021, our top 10 US listed holdings are below:

US Holdings	Shares held	US\$ Value
Alphabet	90	208,309
Netflix	300	183,102
United Rentals	500	175,465
Facebook	500	169,695
Home Depot	500	164,130
Apple	1,125	159,187
IBM Corp	1,000	138,930
Pulte Group	3,000	137,760
Thermo Fisher	200	114,266
Boeing Co	500	109,970

## OUTLOOK

The Company's Investment Committee consistently monitors the corporate investment portfolio and the markets in which our investments are held. Monitoring of the markets, since the end of the quarter, shows the continuation of satisfactory trends in stocks, with the value of the NAV of the portfolio rising to \$1.40 as of 29 October 2021.

A number of positive developments are sustaining the Jamaican economy, namely the continued rebound in visitor arrivals, low but rising interest rates and the improved profit results being posted by several companies compared to 2020.

Globally, the markets continue to be impacted by headlines relating to economic recovery from COVID-19, progress in the distribution of vaccines, inflation

and interest rate trends as well as the effects of the economic stimulus measures in the USA and China.

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

We look forward to meeting you in the virtual space.



**John Jackson**  
Chairman



**John Mahfood**  
Director

8 November 2021

## Unaudited Statement of Financial Position

			(Audited)
	September 2021	June 2021	September 2020
Quoted Investments - local	1,711,320,370	1,662,573,798	1,211,575,675
Quoted Investments - overseas	571,404,469	602,700,661	417,444,902
Deferred Tax	0	0	54,819,710
Due from brokers and other receivables	29,465,513	6,303,655	1,091,278
Cash and bank	<u>5,895,841</u>	<u>3,580,194</u>	<u>1,044,754</u>
<b>Total assets</b>	<b><u>2,318,086,193</u></b>	<b><u>2,275,158,308</u></b>	<b><u>1,685,976,319</u></b>
Current liabilities and accruals	14,937,740	7,031,755	13,208,865
Deferred Tax	52,871,245	48,715,476	0
Margin Loans - Net	<u>411,798,846</u>	<u>407,231,374</u>	<u>195,376,836</u>
<b>Total liabilities</b>	<b><u>479,607,831</u></b>	<b><u>462,978,605</u></b>	<b><u>208,585,701</u></b>
<b>Net assets</b>	<b><u>\$1,838,478,362</u></b>	<b><u>1,812,179,703</u></b>	<b><u>1,477,390,618</u></b>
Share Capital	1,623,476,540	1,623,476,540	1,623,112,948
Retained earnings	<u>215,001,822</u>	<u>188,703,163</u>	<u>(145,722,330)</u>
<b>Total equity</b>	<b><u>\$1,838,478,362</u></b>	<b><u>1,812,179,703</u></b>	<b><u>1,477,390,618</u></b>
<b>Net asset value per share</b>	<b><u>\$1.35</u></b>	<b><u>1.33</u></b>	<b><u>1.08</u></b>

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



John Jackson  
Chairman



John Mahfood  
Director

## Unaudited Statement of Total Comprehensive Income

	Quarter Ending		Year ending	
	September 2021	September 2020	September 2021	September 2020 (Audited)
Gains/(losses) from investments (Note 4)	39,106,131	31,049,560	516,088,248	(490,285,440)
Unrealised currency gain/(loss)	6,568,155	(11,557,011)	6,179,822	
Dividend and interest income	<u>10,211,353</u>	<u>5,081,438</u>	<u>34,180,205</u>	<u>24,823,447</u>
	<u>55,885,639</u>	<u>24,573,987</u>	<u>556,448,275</u>	<u>(465,461,993)</u>
Administrative and other expenses	14,945,670	10,151,195	51,883,362	42,248,659
Interest expense	<u>5,741,587</u>	<u>5,495,465</u>	<u>29,710,439</u>	<u>19,771,223</u>
<b>Profit/(Loss) before taxation</b>	35,198,382	8,927,327	474,854,474	(527,481,875)
<b>Taxation (Charge)/ credit (Note 6)</b>	<u>(5,909,844)</u>	<u>(842,371)</u>	<u>(114,130,322)</u>	<u>133,158,335</u>
<b>Profit/ (Loss) for the period</b>				
<b>being total comprehensive income</b>	<u>\$29,288,538</u>	<u>8,084,956</u>	<u>360,724,152</u>	<u>(394,323,540)</u>
<b>Basic Earnings/(Loss) per share (Note 8)</b>	<u>\$0.02</u>	<u>\$0.01</u>	<u>\$0.26</u>	<u>(\$0.29)</u>

## Unaudited Statement of Cash Flows

	(Audited)			
	Quarter ending September 2021	Quarter ending September 2020	Year ending September 2021	Year ending September 2020
Income / (Loss) after taxation	29,288,538	8,084,956	360,724,152	(394,323,540)
Taxation	5,909,844	842,371	114,130,322	(133,158,335)
Net unrealised investment (gains) /losses	(10,134,214)	(17,451,978)	(419,828,827)	368,097,498
Accounts payable/Margin Loans	<u>12,473,457</u>	<u>129,217,368</u>	<u>218,150,885</u>	<u>(395,934,280)</u>
	<u>37,537,625</u>	<u>120,692,717</u>	<u>273,176,532</u>	<u>(555,318,657)</u>
Net (Purchases) of Quoted Investments	(7,326,166)	(213,254,366)	(233,875,435)	(633,970,400)
Taxation paid /other	(4,733,954)	(842,371)	(6,075,775)	(3,982,907)
Accounts receivable	<u>(23,161,858)</u>	<u>83,624,884</u>	<u>(28,374,235)</u>	<u>1,194,180,018</u>
	<u>(35,221,978)</u>	<u>(130,471,853)</u>	<u>(268,325,445)</u>	<u>556,226,711</u>
(Decrease)/ Increase in cash and bank balances	2,315,647	(9,779,136)	4,851,087	908,054
Cash and bank balances - beginning of period	<u>3,580,194</u>	<u>10,823,889</u>	<u>1,044,754</u>	<u>136,700</u>
Cash and bank balances - ending of period	<u>\$5,895,841</u>	<u>1,044,753</u>	<u>\$5,895,841</u>	<u>1,044,754</u>





## Unaudited Statement of Changes in Shareholders' Equity

	Share Capital	Retained Earnings	Total
Total equity at 30 September 2019	1,622,613,930	248,601,210	1,871,215,140
Adjustment to IPO expenses	499,018	0	499,018
Total comprehensive (loss)	<u>0</u>	<u>(394,323,540)</u>	<u>(394,323,540)</u>
Total equity at 30 September 2020	<u>\$1,623,112,948</u>	<u>(145,722,330)</u>	<u>1,444,390,618</u>
Total equity at 30 September 2020	<u>1,623,112,948</u>	<u>(145,722,330)</u>	<u>1,477,390,618</u>
Total comprehensive income	<u>363,592</u>	<u>360,724,152</u>	<u>361,087,744</u>
Total equity at 30 September 2021	<u>\$1,623,476,540</u>	<u>215,001,822</u>	<u>1,838,478,362</u>



# Notes to the Financial Statement

## 1. Identification

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

As at 30 September 2021, the Company was 40.61 percent (2020 - 34.38 percent) owned by member companies of the Jamaican Teas Limited Group of Companies.

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

## 2. Basis of Preparation

The financial statements are prepared in compliance with International Financial Reporting Standards, the provisions of the Jamaican Companies Act and the accounting policies as more fully described in the Companies audited financial statements ended 30 September 2020.

## 3. Investments

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

## 4. Investment Activities

Investment activities during the period ended 30 September 2021 were as follows:

	Quarter Ending		Year Ending	
	September 2021	September 2020	September 2021	June 2020
Realised gains - Jamaica	20,309,659	(3,138,044)	20,846,240	(159,759,316)
Realised gains - Overseas	8,662,258	13,181,889	75,413,171	37,571,374
Unrealised gains/(losses) -Jamaica	27,142,662	3,553,737	363,587,647	(374,734,387)
Unrealised gains/(losses) -Overseas	<u>(17,008,448)</u>	<u>17,451,978</u>	<u>56,241,190</u>	<u>6,636,889</u>
<b>Total</b>	<u><b>39,106,131</b></u>	<u><b>31,049,560</b></u>	<u><b>516,088,248</b></u>	<u><b>(490,285,440)</b></u>

## Notes to the Financial Statement

### 5. Overdraft

As at 30 September 2021, the Company's assets were charged in the sum of \$111,571,025 in favour of Bank of Nova Scotia Jamaica Limited. The assets charged, comprised listed shares owned by the Company and were pledged to secure an overdraft facility of \$50,000,000 at an interest rate of 8.5 percent per annum. No amounts were outstanding under this overdraft facility as at 30 September 2021.

### 6. Taxation

Taxation for the year to 30 September:	2021	2020
Income tax withheld at source on dividend income	6,439,367	3,177,246
Deferred taxation	<u>107,690,955</u>	<u>(136,335,581)</u>
<b>Total</b>	<u><b>\$114,130,322</b></u>	<u><b>(133,158,335)</b></u>

### 7. Share Capital

Authorised: Unlimited ordinary shares at no par value

Issued and fully paid:	<u>1,365,000,015</u>	<u>1,365,000,015</u>
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### 8. Net Asset Value (NAV) per share

The Net Asset Value per share as at 30 September 2021 was \$1.35 (30 September 2020 - \$1.08) and this was derived by dividing the net assets of the Company of \$1,838,478,362 (2020 - \$1,477,390,618) by the 1,365,000,015 shares issued and outstanding as at 30 September 2021 (2020 - 1,365,000,015).

### 9. Earnings per share

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



**Qwi**  
**INVESTMENTS**

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