

**REPORT FOR THE FIRST QUARTER
ENDED DECEMBER 2023**

Building Wealth for our Investors

Directors' Report



QWI Investments (QWI) began the fiscal year ending December 2023 well with first quarter profit before tax of \$22.8 million versus a loss before tax of \$91 million in the year ago quarter.

The quarter represented a continuation of the Company's performance in the year ended September 2023, which was characterised by a reduced pace of decline in the local stock market but strong performance in our overseas portfolios.

Our overseas portfolio grew 13.9 percent in the quarter, above the gains in the main USA market indices— the market in which QWI has most of its overseas investments.

Market Backdrop

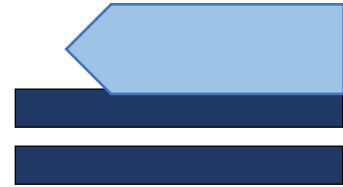
Market conditions in Jamaica, during the quarter, were unfavourable resulting in unrealised losses in the local portfolio. The USA market showed a strong increase in share prices as investors anticipated a continued downward trend in interest rates in 2024.

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
Percentage Change 1st Quarter	(0.4)	(2.8)	(0.7)	11.2	13.6	1.6

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

First Quarter Results



QWI's Jamaican investments, which represent 70 percent of the Company's portfolio, produced unrealised losses of \$30.7 million and realised losses of \$3.9 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 unrealised gains of almost \$72 million.

The Net Asset Value (NAV) of the Company's shares increased 1.6 percent from \$1.23 in September 2023 to \$1.25 at the end of December 2023.

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

Unrealised exchange losses totalled \$1.2 million versus \$4.5 million in the previous year.

Administration costs rose to almost \$19.2 million compared to \$13.7 million in the prior year, due to higher accruals for investment management costs.

Statement of Financial Position

QWI ended the period with equity capital of \$1.7 billion, a marginal change from September 2023.

At the end of the period, the Company held US\$3.9 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 70 percent represented by Jamaican listed stocks and the majority of the balance invested in the USA market.

Margin loan borrowings at the end of December 2023 were unchanged at \$122 million.

Top 10 Holdings

at 31 December 2023

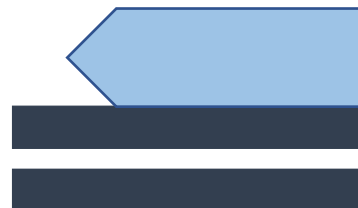
The Company's 10 largest listed holdings on the Jamaica Stock Exchange (JSE) represent 68 percent of our quoted investments.

Jamaican Holdings	Shares Held	J\$ Value
Access Financial Services	8,500,000	227,332,500
Dolphin Cove	6,649,592	119,526,416
Stationery & Office Supplies	67,500,000	117,787,500
Caribbean Producers	13,011,828	113,202,904
Caribbean Cement	1,500,000	91,500,000
General Accident insurance	15,032,119	72,830,617
Jamaica Broilers	2,100,000	71,536,500
Scotia Group Jamaica	1,600,000	60,360,000
JMMB Group	2,039,336	52,023,461
GraceKennedy	700,794	51,508,359

The Company's 10 largest USA listed holdings represent 54 percent of our quoted investments.

USA Holdings	Shares Held	US\$ Value
Meta	1,000	353,960
United Rentals	500	229,368
Nvidia	400	198,088
Boeing Co	650	169,429
Alphabet	1,200	167,628
Pulte Homes	1,500	154,830
Apple	800	154,024
Adobe	200	119,320
Northrop Grumman	250	117,035
Lockheed Martin	250	113,310

Outlook



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

In the quarter so far, there is a repeat of the strong investment outturn from the USA seen over the previous 12 months. However, we do expect Jamaican share prices to rise in 2024 as many local companies are posting good profit growth and earnings multiples are low relative to current interest rates.

In addition, as interest rates in the USA continue to decline, a trend which began in the December quarter, a reduction in interest rates locally seems likely to follow, as long as inflation remains within the Bank of Jamaica's target range.

BY ORDER OF THE BOARD

Dated the 31st day of January 2024

John Jackson

Chairman

John Mahfood

Director

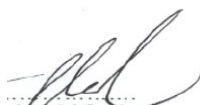
Unaudited Statement of Financial Position

	December 2023	December 2022	(Audited) September 2023
Quoted Investments-local	1,432,225,477	1,522,024,647	1,490,154,355
Quoted Investments - overseas	601,752,066	382,228,325	517,174,847
Due from brokers and other receivables	16,975,283	103,770,667	15,230,755
Cash and bank	<u>3,707,755</u>	<u>23,819,979</u>	<u>2,195,899</u>
Total assets	<u>2,054,660,581</u>	<u>2,031,843,618</u>	<u>2,024,755,856</u>
Current liabilities and accruals	76,150,621	25,096,400	61,816,855
Bank Overdraft (Note 5)	<u>146,170,098</u>	<u>145,728</u>	<u>151,457,758</u>
Current liabilities and accruals	<u>222,320,719</u>	<u>25,242,128</u>	<u>213,274,613</u>
Non-Current Liabilities:			
Deferred Tax Liabilities/(Assets)	6,581,521	(4,909,200)	3,709,834
Margin Loans (Note 5)	<u>121,915,127</u>	<u>346,549,021</u>	<u>121,915,127</u>
Total Non-Current Liabilities	<u>128,496,648</u>	<u>341,549,821</u>	<u>125,624,961</u>
Net assets	<u>\$1,703,843,214</u>	<u>1,665,051,669</u>	<u>1,685,856,282</u>
Share Capital/Reserves	1,664,798,938	1,630,355,586	1,664,798,938
Retained earnings	<u>39,044,276</u>	<u>34,696,083</u>	<u>21,057,344</u>
Total equity	<u>\$1,703,843,214</u>	<u>1,665,051,669</u>	<u>1,685,856,282</u>
Net Assets per Share (Note 8)	<u>\$1.25</u>	<u>\$1.22</u>	<u>\$1.23</u>

These financial statements were approved for issue by the Board of Directors on 31 January 2024 and signed on its behalf by:



John Jackson
Chairman



John Mahfood
Director

Unaudited Statement of Profit or Loss

	Quarters Ended		September 2023
	December 2023	December 2022	
			(Audited)
Gains/(Losses) from investments (Note 4)	37,656,455	(76,709,799)	16,062,153
Unrealised currency (loss)	(1,230,175)	(4,492,896)	(2,511,277)
Dividend, interest and other income	<u>14,847,773</u>	<u>12,940,329</u>	<u>45,466,626</u>
	<u>51,274,053</u>	<u>(68,262,366)</u>	<u>59,017,502</u>
Administrative and other expenses	19,209,905	13,702,356	83,059,445
Interest expense	<u>9,253,603</u>	<u>8,942,240</u>	<u>34,028,280</u>
Profit/(loss) before taxation	22,810,545	(90,906,962)	(58,070,223)
Taxation (charge)/credit (Note 6)	<u>(4,823,613)</u>	<u>25,983,041</u>	<u>13,950,915</u>
Profit/(loss) for the period			
being total comprehensive income/(loss)	<u>\$17,986,932</u>	<u>(64,923,921)</u>	<u>(44,119,308)</u>
Basic Earnings/(loss) per share (Note 9)	<u>\$0.01</u>	<u>(\$0.04)</u>	<u>(\$0.03)</u>

Unaudited Statement of Cash Flows

	Quarter Ended		(Audited)
	December 2023	December 2022	December 2023
Income /(loss) after taxation	17,986,932	(64,923,921)	(44,119,308)
Taxation	4,823,613	(25,983,041)	(13,950,915)
Net unrealised investment (gains)/losses	(40,931,996)	72,984,594	(41,267,999)
Dividend income	(14,842,350)	(12,422,329)	(44,388,915)
Accounts payable/Margin Loans/Other	<u>13,854,968</u>	<u>(7,277,173)</u>	<u>(169,894,766)</u>
	<u>(19,108,833)</u>	<u>(37,621,870)</u>	<u>(313,621,903)</u>
Net Sales/(Purchases) of Quoted Investments	14,283,655	3,399,733	(10,629,750)
Taxation paid	(1,473,128)	(1,835,741)	(5,248,833)
Dividends received	14,842,350	12,422,329	36,232,345
Due from brokers and Accounts receivable	<u>(1,744,528)</u>	<u>3,771,955</u>	<u>100,468,437</u>
	<u>25,908,349</u>	<u>17,758,276</u>	<u>120,822,199</u>
Increase/(decrease) in cash and bank balances	6,799,516	(19,863,594)	(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>(\$142,462,343)</u>	<u>23,674,251</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	1,729,975,59
Total comprehensive (loss)	<u>-</u>	<u>(64,923,921)</u>	<u>(64,923,921)</u>
Total equity at 31 December 2022	<u>\$1,630,355,586</u>	<u>34,696,083</u>	<u>1,665,051,66</u>
Total equity at 30 September 2022	1,630,355,586	99,620,004	1,729,975,59
Total comprehensive (loss)	-	(44,119,308)	(44,119,308)
Transfer	<u>34,443,352</u>	<u>(34,443,352)</u>	<u>-</u>
Total equity at 30 September 2023	<u>\$1,664,798,938</u>	<u>21,057,344</u>	<u>1,685,856,28</u>
Total equity at 30 September 2023	1,664,798,938	21,057,344	1,685,856,28
Total comprehensive profit	<u>-</u>	<u>17,986,932</u>	<u>17,986,93</u>
Total equity at 31 December 2023	<u>\$1,664,798,938</u>	<u>39,044,276</u>	<u>1,703,843,21</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 December 2023, the Company was 44.34 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 December comprised:

	Quarter Ending		Year Ending
	December 2023	December 2022	September 2023
			(Audited)
Realised (losses) - Jamaica	(3,924,333)	(3,725,205)	(34,050,679)
Realised gains – Overseas	648,792	-	8,844,834
Unrealised (losses) -Jamaica	(30,759,473)	(101,429,996)	(94,440,103)
Unrealised gains-Overseas	<u>71,691,469</u>	<u>28,445,402</u>	<u>135,708,101</u>
Total	<u>37,656,455</u>	<u>(76,709,799)</u>	<u>16,062,153</u>

Notes to the Financial Statements

5. Overdraft and Margin Loans

a) At 31 December 2023, investments were charged in the sum of \$106,493,115 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. \$42,943,284 was outstanding under this overdraft facility at 31 December 2023.

b) At 31 December 2023, investments were charged in the sum of \$400,000,000 in favour of Sagicor 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. \$103,226,814 was outstanding under this overdraft facility at 31 December 2023.

c) At 31 December 2023, investments were charged in the sum of \$246,962,228 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 \$121,915,127 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. \$121,915,127 was outstanding under these facilities at 31 December 2023.

6. Taxation

Taxation for the three months to 31 December comprises:	2023	2022
Income tax withheld at source on dividend income	(1,951,926)	(1,835,741)
Deferred taxation (charge)/credit	<u>(2,871,687)</u>	<u>27,818,782</u>
Total	<u>\$ (4,823,613)</u>	<u>25,983,041</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>
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8. Net Asset Value (NAV) per share

The Net Asset Value per share as at 31 December 2023 was \$ 1.25 (31 December 2022 - \$1.22), which was derived by dividing the net assets of the Company of \$ 1,703,843,214 (2022 - \$1,665,051,669) by the 1,365,000,015 shares issued and outstanding as at 31 December 2022 and 2023.



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