

# Sterling Investments Limited Financial Highlights- Unaudited results for Q2 June 2020

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Equity and credit markets rebounded in the second quarter, as lockdowns eased, and new rounds of fiscal and monetary stimulus were announced. The recovery in the global markets proved beneficial to Sterling Investments Limited's (SIL) net profit which increased by 30.25% from J\$57.13 million for the six months ended June 2019 to J\$74.41 million for the six months ended June 2020. This resulted in an increase of 25% in the earnings per share for the period. Net Interest income totalled J\$52.29 million for the six months ended June 2020, 32.36% higher than the \$39.51 million recorded for the corresponding period in 2019. The net interest margin increased to 90.62%. This was the result of lower interest rates which benefitted the company's net interest margin.

The Jamaican dollar depreciated against the US dollar by J\$7.44 or 5.61% for the six-month period ended June 2020, relative to the same period in 2019 when it depreciated by J\$3.35 or 2.62%. This led to unrealized foreign exchange gains for the six months ended June 2020 of J\$64.29 million compared to J\$28.84 million for the corresponding period in 2019.

Total assets increased by 11.78% from J\$1.49 billion as at June 2019 to J\$1.67 billion as at June 2020. As at June 2020, margin loans totalled J\$471.53 million and represented 28.8% of the total portfolio of investment securities compared to 21.05% for June 2019. The use of leverage increased shareholder returns above the average yield of the underlying securities resulting in a weighted average portfolio yield of 9.8%.

SIL is uniquely poised to grow amidst the market uncertainty. The company's strength lies in its portfolio which holds mostly US denominated global bonds, which provide steady interest income with a high net interest margin. The lowered market interest rates continue to benefit bonds, which in turn have reduced margin costs and increase the value of the SIL's portfolio. Even as some companies' survival is challenged, SIL's response is enhanced due diligence and a reliance on high quality bonds to reduce credit risk. The implications are that SIL will continue to grow despite the ongoing local challenges. Lastly, Sterling Investments Limited has sufficient liquidity to prudently and cautiously purchase undervalued assets as appropriate.

Sterling Investments Limited is an investment holding company that invests in fixed income and equity 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.