

# Sterling Investments Limited Financial Highlights- Unaudited results for the Quarter ended March 31, 2021

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Throughout 2020, SIL was able to generate significant increases in its income, US\$ dividends and capital gains. During the first quarter of 2021, SIL took advantage of brief spikes in volatility and intermittent market declines to acquire attractive assets and lock in good income and yields for the future. The result was:

- **A 26.84% increase in interest income compared to the first quarter of 2020.** SIL purchased additional securities to increase the income available to its shareholders. Investors will continue to benefit from the US dollar income SIL's portfolio generates through dividend payments.
- **A 47% increase in the value of investment securities** held by the company. This was partially attributed to the rise in value of the existing portfolio and also the acquisition of new assets that have subsequently appreciated in price.
- **SIL is well-positioned to benefit from the Global economic recovery:** The U.S. economy is projected to grow at a rate of 6.4% in 2021. SIL's exposure to the developed countries suggests that it will be among the first companies on the local stock exchange to benefit from a global economic recovery.

Revenue totalled J\$80.432 million for the first three months of 2021, or 63% higher compared to the same period in 2020 which was J\$49.331 million. This was driven by larger F/X gains, an increase in interest income and an increase in the gains on sale of debt securities. Net interest income rose by 29% YOY from J\$24.89 million in 1Q20 to J\$32.1 million in 1Q21. This reflects the reduction in U.S. interest rates by the Federal Reserve. Total foreign exchange gains rose from J\$12.308 million for March 31, 2020 to J\$28.406 million for the period ending March 31, 2021. The Jamaican dollar depreciated by 2.8% in the first quarter of 2021 moving from J\$142.10 per US\$1 as at December 31, 2020 to J\$146.58 as at March 31, 2021. Net income totalled J\$55.231 million for 1Q21 compared to J\$4.585 million for the same period in 2020. This was primarily the result of an increase in asset prices over the period.

Total assets increased 44% from J\$1.41 billion as at March 31, 2020 to J\$2.033 billion as at March 31, 2021 reflecting the growth in value of the existing portfolio and the acquisition of additional assets during the COVID 19 downturn. Total margin loans increased 30.17% from J\$396.914 million as at March 31 2020 to J\$516.701 million as at March 31, 2021. The company increased its use of low-cost margin to finance the acquisition of attractive fixed income assets over the period. The growth in the size, profitability and value of the investment portfolio contributed to

a 53% increase in total equity, from J\$956.575 million as at March 31, 2020 to J\$1.46 billion as at March 31, 2021

**OUTLOOK:** The investment manager remains focused on monitoring duration and positioning the portfolio to take advantage of future volatility that may arise. Central Banks in developed economies have committed to accommodative monetary and fiscal policy for the near term. This is likely to continue to drive asset prices higher as investors hunt for yield. In the event that inflation or interest rates rise, the portfolio is well positioned to take advantage of the resultant opportunities.

**ABOUT STERLING INVESTMENTS LIMITED:** Sterling Investments Limited is an investment holding company that invests primarily in 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.