


MANAGEMENT DISCUSSION & ANALYSIS

A photograph of a bird of prey, likely an osprey, in flight. The bird is positioned on the right side of the frame, with its wings spread wide, flying towards the left. Below the bird is a large, dense nest constructed from a tangle of dry sticks and branches. The background is a blurred, natural setting with green foliage.

STERLING INVESTMENTS LIMITED
FIRST 3 MONTHS OF 2025

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Economic Summary:

The end of the first quarter of 2025 was characterized by significant political and economic uncertainty and pessimism. A series of punitive tariffs announced by the USA at the end of March led to heightened market volatility and a decline in the prices of most risk assets.



2025 Year to date: In the first 3 months of 2025, the S&P 500 declined by 4.6%, the Dow Jones Index declined by 1.28% and the Euro Stoxx 600 increased by 5.2%. US Treasury yields were lower in the quarter (i.e. prices were higher) with the 2-year closing the quarter at 3.88%, the 10 year at 4.21% and the 30 year at 4.57%. Gold was up by 18.8% in the first quarter of 2025.


Local: The Bank of Jamaica (BOJ) held its policy rate steady at 6.00% on March 27th. As at March 31, 2025, GOJ T-Bill yields approximated 5.75% (180 day and 90 day) and the 30-day BOJ CD yield was 5.55%. The YOY inflation rate decelerated to 4.9% and the Jamaica Stock Exchange Main Index declined by 1.7% in the first quarter of 2025. The JMD/USD weighted average sell rate moved from J\$156.42 / US\$1 on December 31st, 2024 to J\$158.36/ US\$1 on March 31st 2025, a 1.2% increase (depreciation).


FINANCIAL OVERVIEW

Highlights:

 **130%**
increase in total revenue

 **45%**
decline in interest expense

 Liquid, High-quality portfolio of US\$ securities generates steady income.

 Liquidity on hand to take advantage of market volatility.

First 3 months of 2025

(January 1 – March 31, 2025)

Income Statement: Revenue totalled J\$68.7 million in the first 3 months of 2025, roughly 130% more than the J\$29.97 million generated in the first quarter of 2024. This was primarily the result of higher gains on sale of investments and higher unrealized foreign exchange gains. Unrealized Foreign Exchange gains totalled J\$22.7 million in the first quarter of 2025 compared to a loss of J\$3.5 million in the same period of 2024. Gains on sale of investments totalled J\$11.5 million for the first quarter of 2025 versus a loss of J\$3.9 million for the same period in 2024. Net operating income in the first quarter of 2025 totalled J\$46.9 million vs. J\$9.2 million in the first quarter of 2024. This was fuelled by a 45% decline in interest expense

(which moved from J\$7.18 million in the first quarter of 2024 to J\$3.9 million in the first quarter of 2025) and a 27% decline in operating expenses (which moved from J\$18.1 million in the first quarter of 2024 to J\$13.2 million in the first quarter of 2025).

For the first 3 months of the fiscal year, total profit moved from J\$9.2 million in the first quarter of 2024 to a profit of J\$46.9 million for the first quarter of 2025. This was primarily the result of higher gains on sale of investments, higher unrealized FX gains and a reduction in interest and operating expenses.

Balance Sheet : SIL recorded total assets as at March 31, 2025 of J\$1.82 billion, 2.7% below the J\$1.85 billion as at March 31, 2024. This reflects management's cautious approach in the environment of uncertainty and intention of keeping some powder dry. Total liabilities declined by 37% to J\$274.6 million as at March 31, 2025 from J\$434.4 million as at March 31, 2024. This was primarily the result of declines in the margin loan payable. Total equity increased to J\$1.55 billion as at 31st March 2025, from J\$1.42 billion at 31st March 2024.

Outlook:

Management anticipates that the current political and economic uncertainty will provide attractive investment opportunities. The portfolio is well – positioned to take advantage of the market volatility as management has dry powder available and leverage is below historical levels and internal limits. This process is unlikely to be linear and punctuated with periods of volatility and price declines.

Sterling Investments Limited
Unaudited Balance Sheet
as at March 31, 2025

	Unaudited 3 months ended Mar-25	Unaudited 3 months ended Mar-24	Audited 12 months ended Dec-24
ASSETS			
Cash &Cash Equivalents	1,854,647	2,003,354	1,232,534
Accounts Receivable	39,042,599	57,308,655	33,866,505
Due To/From Related Company	103,044,284		101,599,951
Investment Securities	1,679,235,217	1,791,473,675	1,692,453,830
TOTAL ASSETS	1,823,176,748	1,850,785,684	1,829,152,820
LIABILITIES			
Margin Loan Payables	239,988,463	418,222,472	320,995,961
Other Payables	21,989,271	13,083,914	18,079,108
Due to Related Company	12,650,025	3,077,952	5,000,275
Manager's Preference Shares	10,000	10,000	10,000
TOTAL LIABILITIES	274,637,759	434,394,337	344,085,344
SHAREHOLDERS' NET EQUITY			
Share Capital	1,080,235,468	1,074,153,601	1,078,200,924
Prepaid Share Reserve	1,271,103	3,510,549	1,093,578
Fair Value Reserve	(74,861,731)	(114,466,333)	(89,189,730)
Retained Earnings	541,894,149	453,193,530	494,962,704
	1,548,538,989	1,416,391,347	1,485,067,476
	1,823,176,748	1,850,785,684	1,829,152,820

Sterling Investments Limited
Income Statement
for the period ended March 31, 2025

	Unaudited 3 months ended Mar-25	Unaudited 3 months ended Mar-24	Audited 12 months ended Dec-24
Revenue:			
Interest income calculated using the effective interest method	34,588,138	37,425,884	128,565,498
Foreign exchange gain/(loss)	22,685,552	(3,549,141)	10,623,468
Net gain/(loss) on sale of debt investment securities at FVOCI	11,465,734	(3,905,083)	7,816,085
	68,739,425	29,971,659	147,005,051
Expenses:			
Interest	(3,935,145)	(7,180,627)	(26,683,412)
Impairment (loss) on financial instruments	(268,523)	(777,014)	(5,919,003)
Unrealised fair value (loss)/gain on equity investment securities at FVTPL	(4,448,093)	5,334,593	4,760,565
Other operating expenses	(13,210,479)	(18,140,914)	(57,150,732)
	(21,862,240)	(20,763,962)	(84,992,582)
Operating Profit	46,877,184	9,207,697	62,012,469
Other Income	54,260	(1,396)	(82,158)
Manager's preference share interest expense	0	-	-
Profit	46,931,445	9,206,300	61,930,311
Income Tax Expense	0	-	-
Profit for Period	46,931,445	9,206,300	61,930,311
Other comprehensive income:			
<i>Item that will not be reclassified to profit or loss:</i>			
Change in fair value of FVOCI equity investments, net	-	(235,276)	777,718
<i>Items that are or may be reclassified subsequently to profit or loss:</i>			
Movement in fair value reserve			
Realised gain on sale of FVOCI debt investment securities reclassified to profit or loss	(11,954,160)	(61,761)	(7,050,124)
Change in fair value of FVOCI debt instrument securities	26,282,159	61,443,446	92,695,418
Total other comprehensive income for the period	14,327,999	61,146,409	86,423,012
Total comprehensive income for the period	61,259,444	70,352,709	148,353,323
Shares outstanding	434,573,714	432,214,087	433,229,803
Earnings per stock unit:			
Basic and diluted earnings per stock unit	0.11	0.02	0.14

Sterling Investments Limited
Statement of Changes in Equity
For period ended March 31, 2025

	Share capital	Prepaid Share Reserve	Fair value	Retained earnings	Total
Balance at December 31, 2024	1,078,200,924	1,093,578	(89,189,730)	494,962,704	1,485,067,476
	1,078,200,924	1,093,578	(89,189,730)	494,962,704	1,485,067,476
Comprehensive income:					
Profit for period	-	-	-	46,931,445	46,931,445
Other comprehensive income:					
Fair value change in equity			-		-
Realised gain on disposal of FVOCI debt instrument securities reclassified to profit or loss			(11,954,160)		(11,954,160)
Change in fair value of FVOCI debt instrument	-	-	26,282,159		26,282,159
Total Other Comprehensive Income			14,327,999	46,931,445	14,327,999
Total comprehensive income	1,078,200,924	1,093,578	(74,861,731)	541,894,149	1,546,326,920
Transactions with owners:					
Share issued during the period	2,034,544	-	-	-	2,034,544
Transfer of prepayment of shares		(1,093,578)			(1,093,578)
Prepayments for shares		1,271,103			1,271,103
Dividends	-	-	-	0	-
	2,034,544	177,525	-	-	2,212,069
Balance at March 31 2025	1,080,235,468	1,271,103	(74,861,731)	541,894,149	1,548,538,989
Balance at December 31, 2023	1,072,990,211	2,030,463	(175,612,742)	468,801,059	1,368,208,991
	1,072,990,211	2,030,463	(175,612,742)	468,801,059	1,368,208,991
Comprehensive income:					
Profit for period	-	-	-	9,206,300	9,206,300
Other comprehensive income:					
Fair value change in equity			(235,276)		(235,276.00)
Realised gain on disposal of FVOCI debt instrument securities reclassified to profit or loss			(61,761)		(61,761)
Change in fair value of FVOCI debt instrument securities net	-	-	61,443,446		61,443,446
Total Other Comprehensive Income			61,146,409	-	61,146,409
Total comprehensive income	1,072,990,211	2,030,463	(114,466,333)	478,007,359	1,438,561,700
Transactions with owners:					
Share issued during the period	1,163,390	-	-	-	1,163,390
Transfer of prepayment of shares		(2,030,463)			(2,030,463)
Prepayments for shares		3,510,549			3,510,549
Dividends	-	-	-	(24,813,830)	(24,813,830)
	1,163,390	1,480,086	-	(24,813,830)	(22,170,354)
Balance at March 31 2024	1,074,153,601	3,510,549	(114,466,333)	453,193,529	1,416,391,346

Sterling Investments Limited
Statement of Cash Flows
For period ended March 31, 2025

	Period ended Mar-25	Period ended Mar-24	Audited Dec-24
Cash flows from operating activities			
Profit for the period	46,931,445	9,206,300	61,930,311
Adjustments for :			
Interest Income	(34,588,138)	(37,425,884)	(129,983,407)
Interest Expense	3,935,145	7,180,627	26,683,412
Impairment loss on FVOCI	268,523	777,014	5,919,003
Net gains on sale of debt investment securities at FVOCI	11,465,734	(3,905,083)	(7,816,085)
Unrealised fair value gain/(loss) on quoted equities at FVTPL	4,448,093	(5,334,593)	(4,760,565)
Managers Preference Share Interest	-	-	(4,499,486.00)
	32,460,802	(29,501,617)	(52,526,817)
Changes in :			
Accounts Receivable	1,022,225	(2,337,621)	(89,098)
Margins Payable	(81,007,498)	(11,926,320)	(109,152,831)
Due from Related Company	(1,444,333)		(101,599,951)
Other Payables	3,910,163	(4,197,802)	5,296,878
Due to Related Company	7,649,750	(4,085,530)	(2,163,207)
Acquisition of investment securities	(161,416,674)	(91,737,688)	(296,684,360)
Net proceeds from sale of securities	172,780,935	144,596,598	472,034,702
	(26,044,631)	810,019	(84,884,684)
Interest Received	28,389,819	27,706,799	141,457,951
Interest Paid	(3,935,145)	(7,180,627)	(26,683,412)
Net cash (used in)/provided by operating activities	(1,589,956)	21,336,191	29,889,855
Cash flows from financing activities			
Issue of Preference shares			
Issue of ordinary shares	2,034,544	1,163,390	5,210,713
Prepaid Share Reserve	177,525	1,480,086	(936,885)
Manager's preference shares interest paid			
Dividend payment	-	(24,813,830)	(35,768,666)
Net cash used by financing activities	2,212,069	(22,170,354)	(31,494,838)
Increase/(Decrease) in cash and cash equivalents during the period	622,113	(834,163)	(1,604,983)
Cash and cash equivalent at the beginning of period	1,232,534	2,837,517	2,837,517
Cash and cash equivalent at the end of period	1,854,647	2,003,354	1,232,534

FINANCIAL STATEMENTS

1. Identification

Sterling Investments Limited ("the Company") was incorporated on August 21, 2012 in St. Lucia under the International Business Companies Act and commenced operations on December 1, 2012. The Company's registered office is located at 20 Micoud Street, Castries, St. Lucia. The principal activities of the Company are holding and trading of tradable and other securities and other investments.

2. Basis of preparation

These interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* and should be read in conjunction with the Company's last annual financial statements as at and for the year ended December 31, 2024 ('last annual financial statements'). They do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the company's financial position and performance since the last annual financial statements. These interim financial statements are presented in Jamaican dollars, which is the Company's functional currency.

3. Use of judgements and estimates

In preparing these interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

4. Significant accounting policies

The accounting policies applied in these interim financial statements are the same as those applied in the Company's financial statements as at and for the year ended December 31, 2024, which was prepared in accordance with International Financial Reporting Standards (IFRS).

Top Ten Shareholders

as at March 31, 2025

Shareholder Name	# Shares	Ownership
ATL Group Pension Fund Trustees Nominee Limited	47,856,608	11.00%
GraceKennedy Pension Fund Custodian Ltd for GraceKennedy Pension Scheme	34,848,550	8.00%
VMWealth Equity Fund	29,110,758	6.70%
Claudine Murphy	21,109,767	4.90%
Charles A. Ross	15,533,311	3.60%
Cable and Wireless Jamaica Pension Fund	14,492,015	3.30%
Satyanarayana Parvataneni	13,351,430	3.10%
Everton Lloyd McDonald	13,331,584	3.10%
National Insurance Fund	10,080,645	2.33%

Shareholdings of Directors

as at March 31, 2025

Name	# Shares	Ownership
Derek Jones	Nil	
Michael Bernard	Nil	
Maxim Rochester	Nil	
Charles Ross	15,533,311	3.60%
Marian Ross	1,634,747	0.40%

Shareholdings of Connected Parties

as at March 31, 2025

Name	# Shares	Ownership
Charles Ross	15,533,311	3.60%
Marian Ross	1,634,747	0.40%
Charles Andrew Ross	790,752	0.20%
Natalie Farrell-Ross	109,573	0.03%



Director



Director