

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 pile of dry sticks and branches. The background is a blurred, natural setting with green foliage.

STERLING INVESTMENTS LIMITED
FIRST 6 MONTHS OF 2025

sterlinginvestmentsltd.com
sil@sterlinginvestmentsltd.com

Economic Summary:

The first half of 2025 was characterized by significant trade, economic and geopolitical uncertainty. However, market optimism and strong liquidity flows in the US drove global bond and stock markets higher. The second quarter of 2025 was dominated by the arrival of new trade deals with the US, a new fiscal package ("Big Beautiful Bill") and a series of mixed economic and inflation data.

4.23%

10-year US Treasury
bond yield



2025 Year to date: In the first 6 months of 2025, the S&P 500 rose by 5.5%, the Dow Jones Index increased by 3.6% and the Euro Stoxx 600 increased by 6.7%. US Treasury yields were lower in the quarter (i.e. prices were higher) with the 2-year yield closing the quarter at 3.72%, the 10 year at 4.23% and the 30 year at 4.77%. Gold ended the quarter at US\$3,297.33, a year to date gain of 25.8%.

Local: The Bank of Jamaica (BOJ) reduced its policy rate to 5.75% on June 30th, 2025. As at June 30, 2025, the 90 Day GOJ T-Bill yielded approximately 5.31%, the 180 day T Bill yielded roughly 5.38% and the 30-day BOJ CD yield was 5.87% (a decline of 47 basis points Year to Date). The YOY inflation rate decelerated to 3.8% in June 2025 and the Jamaica Stock Exchange Main Index declined by 5.5% in the first half of 2025. The JMD/USD weighted average sell rate moved from J\$156.42 / US\$1 on December 31st, 2024 to J\$160.36 / US\$1 on June 30th, 2025, a 2.52% depreciation.

FINANCIAL OVERVIEW

Highlights:



222%
increase in net profit



76%
increase in total revenue



47%
decline in interest expense



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



Liquidity on hand to take
advantage of market volatility.

Quarter on Quarter: Second Quarter of 2025

(April 1, 2025 – June 30, 2025)

Total revenue for the second quarter of 2025 totalled J\$58.2 million compared to J\$42.2 million in the same period of 2024 (a 37.9% increase). This was primarily driven by higher foreign exchange gains in 2025 and growth in interest income. Total expenses moved from J\$25.7 million in the second quarter of 2024 to J\$22.4 million in the second quarter 2025. This was primarily the result of declines in interest expense (lower Fed Funds rate) and lower audit fee accruals. The combined impact of these factors resulted in a net profit movement from J\$16.5 million in the second quarter of 2024 to J\$35.8 million for the second quarter of 2025, an increase of 117%.

First 6 months of 2025

(January 1 – June 30, 2025)

Income Statement: Revenue totalled J\$126.9 million in the first 6 months of 2025, roughly 76% more than the J\$72.2 million generated in the first half 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\$49.4 million in the first half of 2025 compared to J\$12.2 million in the same period of 2024. Gains on sale of investments totalled J\$10 million for the first half of 2025 versus a loss of J\$1.8 million for the same period in 2024. This was the result of the net sale of profitable bond positions. Net operating income in the first half of 2025 totalled J\$82.7 million vs. J\$25.7 million in the first half of 2024. This was fuelled by a 47% decline in interest expense (which moved from J\$14.1 million in the first half of 2025 to J\$7.4 million in the first half of 2025) and a 24% decline in operating expenses (which moved from J\$32.3 million in the first half of 2024 to J\$24.6 million in the first half of 2025). The decline in interest expense is due to the reduction in the Fed Funds rate that took place in late 2024. The decline in operating expenses was primarily due to lower audit fee accruals.

For the first 6 months of the fiscal year, net profit moved from J\$25.7 million in the first half of 2025 to a profit of J\$82.7 million for the first half of 2025, an increase of 222%. 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 June 30, 2025 of J\$1.7 billion, 3.9% below the J\$1.8 billion as at June 30, 2024. This partially reflects management's decision to take profit on some positions and to wait to re-deploy the proceeds. Total liabilities declined by 53.2% to J\$174.3 million as at June 30, 2025 from J\$372.5 million as at June 30, 2024. This was primarily the result of declines in the margin loan payable. Total equity increased to J\$1.55 billion as at June 30th 2025, from J\$1.4 billion at June 30th 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 liquidity available and leverage is below historical levels and below internal limits. This process is unlikely to be linear and will likely be punctuated with periods of volatility and price declines.

Sterling Investments Limited

Consolidated Unaudited Balance Sheet as at June 30, 2025

	Unaudited as at 30-Jun-25	Unaudited as at 30-Jun-24	Audited as at 31-Dec-24
ASSETS			
Cash Resources			
Cash & Cash Equivalents	1,488,279	1,688,749	1,232,534
Accounts Receivable	33,411,274	34,636,956	33,866,505
Due To/From Related Company	104,743,497		101,599,951
Investment Securities	1,587,709,000	1,761,580,922	1,692,453,830
TOTAL ASSETS	1,727,352,050	1,797,906,627	1,829,152,820
LIABILITIES			
Margin Loan Payables	133,528,612	345,505,594	320,995,961
Other Payables	20,345,549	16,824,366	18,079,108
Due to Related Company	20,407,849	10,200,877	5,000,275
Manager's Preference Shares	10,000	10,000	10,000
TOTAL LIABILITIES	174,292,010	372,540,836	344,085,344
SHAREHOLDERS' NET EQUITY			
Share Capital	1,080,235,468	1,077,085,791	1,078,200,924
Prepaid Share Reserve	4,583,411	976,257	1,093,578
Fair Value Reserve	(77,731,580)	(122,395,864)	(89,189,730)
Retained Earnings	545,972,741	469,699,607	494,962,704
	1,553,060,040	1,425,365,791	1,485,067,476
	1,727,352,050	1,797,906,627	1,829,152,820

Sterling Investments Limited

Consolidated Unaudited Income Statement

for the period ended June 30, 2025

	Unaudited 6 months ended 30-Jun-25	Unaudited 6 months ended 30-Jun-24	Unaudited 3 months ended 30-Jun-25	Unaudited 3 months ended 30-Jun-24	Audited as at 31-Dec-24
Revenue:					
Interest income calculated using the effective interest method	67,449,431	61,752,462	32,861,293	24,326,579	128,565,498
Foreign exchange gain	49,399,651	12,229,393	26,714,099	15,778,534	10,623,468
Net gain/(loss) on sale of debt investment securities at FVOCI	10,052,537	(1,831,775)	(1,413,197)	2,073,308	7,816,085
	126,901,620	72,150,080	58,162,196	42,178,421	147,005,051
Expenses:					
Interest expense calculated using the effective interest method	(7,435,021)	(14,135,673)	(3,499,876)	(6,955,046)	(26,683,412)
Impairment (loss) on financial instruments	(480,611)	(983,273)	(212,088)	(206,258)	(5,919,003)
Fair value (loss)/gain on securities at FVTPL	(11,678,065)	971,328	(7,229,972)	(4,363,265)	4,760,565
Other operating expenses	(24,641,548)	(32,288,859)	(11,431,069)	(14,147,945)	(57,150,732)
	(44,235,246)	(46,436,477)	(22,373,006)	(25,672,514)	(84,992,582)
Operating Profit	82,666,374	25,713,603	35,789,190	16,505,906	62,012,469
Other Income	58,272	(1,225)	4,012	171	(82,158)
Profit before taxation	82,724,646	25,712,378	35,793,202	16,506,077	61,930,311
Taxation	-	-	-	-	-
Profit for Period	82,724,646	25,712,378	35,793,202	16,506,077	61,930,311

Sterling Investments Limited
Consolidated Unaudited Statement of Changes in Equity
For period ended June 30, 2025

	Share capital	Prepaid share reserve	Fair value reserve	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
Comprehensive income:					
Profit for period	-	-	-	82,724,646	82,724,646
Other comprehensive income:					
Fair value change on equity investment, net			-		-
Realised gain on disposal of FVOCI debt instrument securities reclassified to profit or loss			(8,434,337)		(8,434,337)
Change in fair value of FVOCI debt instrument securities net	-	-	19,892,487		19,892,487
Total Other Comprehensive Income			11,458,150	82,724,646	94,182,796
Total comprehensive income/(loss)	1,078,200,924	1,093,578	(77,731,580)	577,687,350	1,579,250,272
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		4,583,411			4,583,411
Dividends	-	-	-	(31,714,610)	(31,714,610)
Total transactions with owners	2,034,544	3,489,833	-	(31,714,610)	(26,190,232)
Balance at June 30, 2025	1,080,235,468	4,583,411	(77,731,580)	545,972,741	1,553,060,040

For period ended June 30, 2024

	Share capital	Prepaid share reserve	Fair value reserve	Retained earnings	Total
Balance at December 31, 2023	1,072,990,211	2,030,463	(175,612,742)	468,801,059	1,368,208,991
Comprehensive income:					
Profit for period	-	-	-	25,712,378	25,712,378
Other comprehensive income:					
Fair value change on equity investment, net			862,678		862,678
Realised gain on disposal of FVOCI debt instrument securities reclassified to profit or loss			1,364,012		1,364,012
Change in fair value of FVOCI debt instrument securities net	-	-	50,990,188		50,990,188
Total Other Comprehensive Income			53,216,879	25,712,378	78,929,257
Total comprehensive income/(loss)	1,072,990,211	2,030,463	(122,395,863)	494,513,437	1,447,138,248
Transactions with owners:					
Share issued during the period	4,095,580	-	-	-	4,095,580
Transfer of prepayment of shares		(2,030,463)			(2,030,463)
Prepayments for shares		-			-
Dividends	-	976,257	-	(24,813,830)	(23,837,573)
Total transactions with owners	4,095,580	(1,054,206)	-	(24,813,830)	(21,772,456)
Balance at June 30, 2024	1,077,085,791	976,257	(122,395,863)	469,699,607	1,425,365,792

Sterling Investments Limited
Consolidated Unaudited Statement of Cash Flows
For period ended June 30, 2025

	Period ended Jun-25	Period ended Jun-24	Audited Dec-24
Cash flows from operating activities			
Profit for the period	82,724,646	25,712,378	61,930,311
Adjustments for :			
Interest Income	(60,014,410)	(61,752,462)	(129,983,407)
Interest Expense	7,435,021	14,135,673	26,683,412
Impairment loss on FVOCI	480,611	983,273	5,919,003
Net gain/(loss) on sale of debt investment securities at FVOCI	10,052,537	(1,831,775)	(7,816,085)
Unrealised fair value gain/(loss) on quoted equities at FVTPL	11,678,065	(971,328)	(4,760,565)
Managers Preference Share Interest	-	-	(4,499,486)
	52,356,472	(23,724,241)	(52,526,817)
Changes in :			
Accounts Receivable	1,022,225	(1,252,456)	(89,098)
Margins Payable	(187,467,349)	(84,643,198)	(109,152,831)
Due from Related Company	(3,143,546)	3,037,395	(101,599,951)
Other Payables	2,266,441	(457,350)	5,296,878
Due to Related Company	15,407,574		(2,163,207)
Acquisition of investment securities	(346,708,903)	(139,718,191)	(296,684,360)
Net proceeds from sale of securities	440,700,670	207,897,491	472,034,702
	(25,566,417)	(38,860,550)	(84,884,684)
Interest Received	59,447,416	73,619,912	141,457,951
Interest Paid	(7,435,021)	(14,135,673)	(26,683,412)
Net cash provided by operating activities	26,445,978	20,623,689	29,889,855
Cash flows from financing activities			
Issue of Preference shares			
Issue of ordinary shares	2,034,544	4,095,580	5,210,713
Prepaid Share Reserve	3,489,833	(1,054,206)	(936,885)
Dividend payment	(31,714,610)	(24,813,830)	(35,768,666)
Net cash used by financing activities	(26,190,233)	(21,772,456)	(31,494,838)
Increase/(Decrease) in cash and cash equivalents during the period	255,745	(1,148,767)	(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	1,488,279	1,688,750	1,232,534

FINANCIAL STATEMENTS

1. Identification

Sterling Investments Limited ("the Company") is incorporated in Saint Lucia under the International Business Companies Act. Its registered office is located at 20 Micoud Street, Castries St. Lucia. The principal activities of the company are holding and trading of securities and other investments. The company is listed on the Jamaica Stock Exchange. These consolidated unaudited financial statements comprise the financial statements of the Company and its wholly owned subsidiary, Sterling Investments (Cayman) Limited (together referred to as "The Group"). Sterling Investments (Cayman) Limited is incorporated in Cayman as an Exempted Company with Limited Liability. The principal activities of Sterling Investments (Cayman) Limited are holding and trading of 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 June 30, 2025

Shareholder Name	# Shares	Ownership
PAM – Pooled Equity Fund	66,093,358	15.18%
ATL Group Pension Fund Trustees Nominee Limited	47,856,608	10.99%
GraceKennedy Pension Fund Custodian Ltd for GraceKennedy Pension Scheme	34,848,550	8.01%
VMWealth Equity Fund	25,110,758	5.77%
Claudine Murphy	19,605,603	4.50%
Charles A. Ross	15,856,116	3.64%
Cable and Wireless Jamaica Pension Fund	14,492,015	3.33%
Satyanarayana Parvataneni	13,351,430	3.06%
Everton Lloyd McDonald	13,331,584	3.06%
National Insurance Fund	10,080,645	2.32%

Shareholdings of Directors

as at June 30, 2025

Name	# Shares	Ownership
Derek Jones	Nil	
Michael Bernard	Nil	
Maxim Rochester	Nil	
Charles Ross	15,856,116	3.64%
Marian Ross	1,668,009	0.38%

Shareholdings of Connected Parties

as at June 30, 2025

Name	# Shares	Ownership
Charles Ross	15,856,116	3.64%
Marian Ross	1,668,009	0.38%
Charles Andrew Ross	807,185	0.19%
Natalie Farrell-Ross	111,849	0.03%



Director



Director