

STERLING INVESTMENTS LIMITED: MANAGEMENT DISCUSSION & ANALYSIS, FIRST THREE MONTHS OF 2026

Economic Summary: The first three months of 2026 were characterized by significant trade, economic and geopolitical uncertainty. This resulted in stock markets falling lower and bond price volatility increasing toward the end of the period.

2026 Year to date: In the first 3 months of 2026, the S&P 500 fell by 4.6%, the Dow Jones Index decreased by 3.6% and the Euro Stoxx 600 decreased by 0.9%. US Treasury yields were lower in the quarter (i.e. prices were higher) with the 2-year yield closing the first quarter at 3.8%, the 10 year at 4.3% and the 30 year at 4.92%. Gold ended the quarter at US\$4,678.60.43, a year-to-date gain of 8.4%.

Local: The Bank of Jamaica (BOJ) cut its policy rate to 5.50% on March 31st, 2026. As at March 31, 2026, the 90 Day GOJ T-Bill yielded approximately 5.57%, the 180 day T Bill yielded roughly 5.32% and the 30-day BOJ CD yield was 5.86% (an increase of 4 basis points Year to Date). The YOY inflation rate accelerated to 4.3% year on year in March 2026 and the Jamaica Stock Exchange Main Index increased by 8.8% in the first three months of 2026. The JMD/USD weighted average sell rate moved from J\$159.74 / US\$1 on December 31st, 2025 to J\$158.59/ US\$1 on March 31st, 2026, a 0.72% appreciation.

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 the company has liquidity available and leverage is below internal limits. This process is unlikely to be linear and will likely be punctuated with periods of volatility.

FINANCIAL OVERVIEW

Year over Year Highlights:

- 67.4% decrease in total expenses.
- 15% decline in interest expense
- 3.5% increase in equity
- Liquid, High-quality portfolio of US\$ securities generates steady income.
- Liquidity on hand to take advantage of market volatility

First 3 months of 2026 (January 1 – March 31, 2026)

Income Statement: Revenue totalled J\$23.2 million in the first 3 months of 2026. This was primarily the result of the Jamaican dollar appreciation in the first 3 months of 2026 versus the 1.29% depreciation that occurred in the same period of 2025. This led to unrealized foreign exchange losses in Q1 2026 totalling (J\$13.29) million compared with the unrealized gains of the Q1 of the previous year of J\$22.7 million respectively. Management acknowledges that short term currency movements will create volatility in top line revenue. Gains on sale of investments totalled J\$3.43 million for the first 3 months of 2026 versus J\$11.47 million for the same period in 2025.

For the first 3 months of the fiscal year, net profit moved from J\$46.93 million in 2025 to a profit of J\$16.08 million in 2026, despite a significant reduction in total expenses from J\$21.9 million in March 2025 to J\$7.1 million in March 2026. This decline was driven by unrealized foreign exchange losses and lower gains on sale of investment. The lower gains on sale reflect the strategic decision by management to “hold” some of the investments in the portfolio due to their attractiveness. This also partially reflects management’s patience in deploying additional capital, amidst the expectation that markets could fall further – and assets could become cheaper.

Management remains focused on medium to long term performance and is keenly managing duration while observing inflation and interest rate expectations. Short term local currency movements should not alter the long term value for shareholders or the US\$ dividend payments that are made from cash flow each year.

Balance Sheet: SIL recorded total assets as at March 31, 2026 of J\$1.89 billion, roughly 3.8% more than the J\$1.82 billion as at March 31, 2025. This partially reflects management’s decision to take profit on some positions and to wait to re-deploy the proceeds. Total liabilities increased by 3.78% to J\$285.03 million as at March 31, 2026 from J\$274.64 million as at March 31, 2025. This was primarily the result of increases in the margin loan payable. Total equity increased to J\$1.6 billion as at March 31st 2026, from J\$1.55 billion at March 31st, 2025.

Sterling Investments Limited
Unaudited Consolidated Statement of Financial Position as at March 31, 2026

	Unaudited 3 months ended 31-Mar-26	Unaudited 3 months ended 31-Mar-25	Audited 12 months ended 31-Dec-25
ASSETS			
Cash Resources			
Cash & Cash Equivalents	1,523,745	1,854,647	1,382,068
Accounts Receivable	38,894,702	39,042,599	33,494,803
Due To/From Related Company	103,044,282	103,044,284	101,238,490
Investment Securities	1,743,816,500	1,679,235,217	1,828,682,744
TOTAL ASSETS	1,887,279,229	1,823,176,748	1,964,798,105
LIABILITIES			
Margin Loan Payables	273,891,116	239,988,463	299,471,910
Other Payables	8,730,770	21,989,271	21,034,405
Due to Related Company	2,401,304	12,650,025	2,598,934
Manager's Preference Shares	10,000	10,000	10,000
TOTAL LIABILITIES	285,033,190	274,637,759	323,115,249
SHAREHOLDERS' NET EQUITY			
Share Capital	1,087,005,906	1,080,235,468	1,087,005,906
Prepaid Share Reserve	3,061,380	1,271,103	1,538,351
Fair Value Reserve	(26,786,826)	(74,861,731)	7,592,353
Retained Earnings	538,965,579	541,894,149	545,546,246
TOTAL EQUITY	1,602,246,039	1,548,538,989	1,641,682,856
TOTAL LIABILITIES AND EQUITY	1,887,279,229	1,823,176,748	1,964,798,105

Sterling Investments Limited
Unaudited Consolidated Statement of Profit or Loss and Other Comprehensive Income for Period Ended March 31, 2026

	Unaudited 3 months ended Mar-26	Unaudited 3 months ended Mar-25	Audited 12 months ended Dec-25
Revenue:			
Interest income calculated using the effective interest method	33,050,658	34,588,138	134,034,679
Foreign exchange (loss)/gain	(13,290,693)	22,685,552	35,637,997
Net gain on sale of debt investment securities at FVOCI	3,433,691	11,465,734	11,327,454
	<u>23,193,656</u>	<u>68,739,425</u>	<u>181,000,130</u>
Expenses:			
Interest expense calculated using the effective interest method	(3,346,313)	(3,935,145)	(15,408,147)
Impairment loss/(credit) on financial instruments		(268,523)	6,654,890
Fair value gain/(loss) on debt securities at FVTPL	10,069,791	(4,448,093)	3,022,145
Other operating expenses	(13,844,926)	(13,210,479)	(59,292,526)
	<u>(7,121,448)</u>	<u>(21,862,240)</u>	<u>(65,023,638)</u>
Operating Profit	16,072,207	46,877,184	115,976,492
Other Income	6,278	54,260	86,758
Profit Before Income tax	16,078,485	46,931,444	116,063,250
Taxation	-	-	-
Profit for the year	<u>16,078,485</u>	<u>46,931,444</u>	<u>116,063,250</u>
Other comprehensive income:			
Realised loss on sale of FVOCI debt investment securities	(7,844,004)	(11,954,160)	(9,125,113)
Change in fair value of FVOCI debt instrument securities	(26,535,175)	26,282,159	105,907,196
Total other comprehensive (loss)/income for the period	(34,379,179)	14,327,999	96,782,083
Total comprehensive (loss)/income for the period	<u>(18,300,694)</u>	<u>61,259,443</u>	<u>212,845,333</u>
Shares outstanding	436,756,505	434,573,714	435,469,620
Earnings per stock unit:			
Basic and diluted earnings per stock unit	0.04	0.11	0.27

Sterling Investments Limited					
Unaudited Consolidated Statement of Changes in Equity For period ended March 31, 2026					
	Share capital	Prepaid Share Reserve	Fair value	Retained earnings	Total
Balance at December 31, 2025	<u>1,087,005,906</u>	<u>1,538,351</u>	<u>7,592,353</u>	<u>545,546,246</u>	<u>1,641,682,856</u>
	1,087,005,906	1,538,351	7,592,353	545,546,246	1,641,682,856
Comprehensive income:					
Profit for period	-	-	-	16,078,485	16,078,485
Other comprehensive income:					
Fair value change in equity			-		-
Realised gain on disposal of FVOCI debt instrument securities reclassified to profit or loss			(7,844,004)		(7,844,004)
Change in fair value of FVOCI debt instrument securities net			(26,535,175)		(26,535,175)
Total Other Comprehensive Income			<u>(34,379,179)</u>	16,078,485	<u>(34,379,179)</u>
Total comprehensive income	<u>1,087,005,906</u>	<u>1,538,351</u>	<u>(26,786,826)</u>	<u>561,624,731</u>	<u>1,623,382,162</u>
Transactions with owners:					
Share issued during the period	0	-	-	-	0
Transfer of prepayment of shares		(1,538,351)			(1,538,351)
Prepayments for shares		3,061,380			3,061,380
Dividends	-	-		(22,659,153)	(22,659,153)
	<u>0</u>	<u>1,523,029</u>	<u>-</u>	<u>(22,659,153)</u>	<u>(21,136,123)</u>
Balance at March 31 2026	1,087,005,906	3,061,380	(26,786,826)	538,965,578	1,602,246,038
Sterling Investments Limited					
Unaudited Consolidated 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	<u>1,078,200,924</u>	<u>1,093,578</u>	<u>(89,189,730)</u>	<u>494,962,704</u>	<u>1,485,067,476</u>
	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 securities net			26,282,159		26,282,159
Total Other Comprehensive Income			<u>14,327,999</u>	-	<u>14,327,999</u>
Total comprehensive income	<u>1,078,200,924</u>	<u>1,093,578</u>	<u>(74,861,731)</u>	<u>541,894,149</u>	<u>1,546,326,920</u>
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	-
	<u>2,034,544</u>	<u>177,525</u>	<u>-</u>	<u>-</u>	<u>2,212,069</u>
Balance at March 31 2025	1,080,235,468	1,271,103	(74,861,731)	541,894,149	1,548,538,989

Sterling Investments Limited
Unaudited Consolidated Statement of Cash Flows for period ended March 31, 2026

	Period ended Mar-26	Period ended Mar-25	Audited Dec-25
Cash flows from operating activities			
Profit for the period	16,078,485	46,931,445	116,063,250
Adjustments for :			
Interest Income	(33,050,658)	(34,588,138)	(134,034,679)
Interest Expense	3,346,313	3,935,145	15,408,147
Impairment loss on FVOCI	-	268,523	(6,654,890)
Net gain/(loss) on sale of debt investment securities at FVOCI	3,433,691	11,465,734	(11,327,454)
Unrealised fair value loss/(gain) on quoted equities at FVTPL	(10,069,791)	4,448,093	(3,022,145)
Managers Preference Share Interest	-	-	-
	(20,261,959)	32,460,802	(23,567,771)
Changes in :			
Accounts Receivable	1,037,499	1,022,225	(15,274)
Margins Payable	(25,580,794)	(81,007,498)	(21,524,051)
Due from Related Company	(1,805,792)	(1,444,333)	361,461
Other Payables	(12,303,635)	3,910,163	2,955,297
Due to Related Company	(197,630)	7,649,750	(2,401,341)
Acquisition of investment securities	(69,696,240)	(161,416,674)	(584,140,804)
Net proceeds from sale of securities	126,819,405	172,780,935	565,698,462
	(1,989,147)	(26,044,631)	(62,634,021)
Interest Received	26,613,260	28,389,819	134,421,655
Interest Paid	(3,346,313)	(3,935,145)	(15,408,147)
Net cash provided by/(used in) operating activities	21,277,800	(1,589,956)	56,379,487
Cash flows from financing activities			
Issue of Preference shares			
Issue of ordinary shares	-	2,034,544	8,804,982
Prepaid Share Reserve	1,523,029	177,525	444,773
Manager's preference shares interest paid			
Dividend payment	(22,659,153)	-	(65,479,708)
Net cash used by financing activities	(21,136,124)	2,212,069	(56,229,953)
Increase in cash and cash equivalents during the period	141,676	622,113	149,534
Cash and cash equivalent at the beginning of period	1,382,068	1,232,534	1,232,534
Cash and cash equivalent at the end of period	1,523,744	1,854,647	1,382,068

Top 10 Shareholders as at March 31st, 2026

SHAREHOLDER NAME	# SHARES	%
PAM – POOLED EQUITY FUND	79,910,891	18.29
ATL GROUP PENSION FUND TRUSTEES NOMINEE LIMITED	47,856,608	10.96
GRACEKENNEDY PENSION FUND CUSTODIAN LTD FOR GRACEKENNEDY PENSION SCHEME	40,315,250	9.23
VMWEALTH EQUITY FUND	25,110,758	5.75
CLAUDINE MURPHY	20,195,089	4.82
CHARLES A. ROSS	16,251,603	3.72
CABLE AND WIRELESS JAMAICA PENSION FUND	14,492,015	3.32
SATYANARAYANA PARVATANENI	13,351,430	3.06
EVERTON LLOYD MCDONALD	13,331,584	3.05
NATIONAL INSURANCE FUND	10,080,645	2.31

Shareholdings of Directors as at March 31st, 2026

NAME	# Shares	% Ownership
DEREK JONES	Nil	
MICHAEL BERNARD	Nil	
MAXIM ROCHESTER	Nil	
CHARLES ROSS	16,251,603	3.72
MARIAN ROSS	1,708,760	0.39

Shareholdings of Connected Parties as at March 31st, 2026

NAME	# Shares	% Ownership
CHARLES ROSS	16,251,603	3.72
MARIAN ROSS	1,708,760	0.39
CHARLES ANDREW ROSS	827,318	0.19
NATALIE FARRELL-ROSS	114,638	0.03

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, 2025 (‘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, 2025, which was prepared in accordance with International Financial Reporting Standards (IFRS).



Director



Director