



Caribbean Capital Markets Growth through Unit Trusts, Mutual Funds & Retail Repo

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Some Impediments to Capital Market Growth in the Caribbean

- Financial Structure
 - Bank vs Market base structures
- Supply Side Factors
 - Large number of relatively small family businesses
 - Lack of information
 - Fear of information being made public
- Market Regulations/ Policies
 - Ensure good corporate governance
 - Fairness & transparency
 - Incentive framework (Jamaica Junior Market)
 - Taxes & arbitrage opportunities

Some Impediments to Capital Market Growth in the Caribbean

- Macroeconomic Health of Economies
 - High fiscal deficits
 - Crowding out of private sector
- Low Levels of Credit Rating of Issuers
 - Caribbean rating agency
- Limited Institutional Investors
 - Limited trading
 - Limited liquidity
 - Predominantly banks and insurance companies

Retail Repo as a Growth Enabler

- Improves investor protection & confidence
 - Introduction of trustee
- Standardization of documentation
 - Trust Deed
 - Disclosures
 - Repurchase Agreement
- Reduces institutional risk
 - New ratios (capital adequacy, intermediation)
 - Minimum transaction size
 - Redemptions

Mutual Funds/Unit Trusts as Growth Enablers

- Allows for the pooling of funds for investment purposes
- Investments span the gamut of asset classes and types
- Investment strategy can be flexible
- Creates captive demand for assets
- Deploy large pools of funds
- Market trading

Mutual Funds/Unit Trusts as Growth Enablers

- Gives investors diversification
- Access to assets at a lower capital outlay
- Professional management of investments
- Liquidity and convenience

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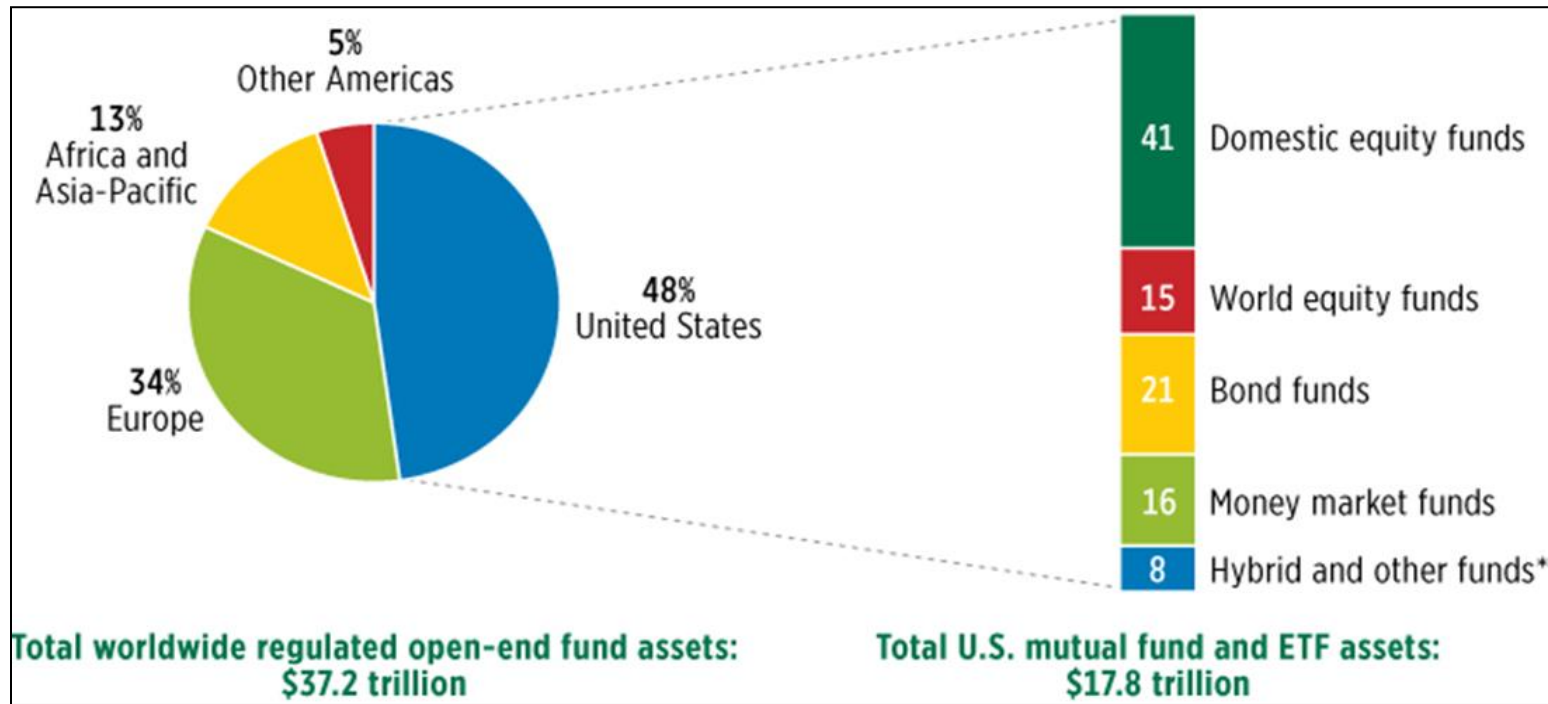
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What has been the experience-2015?

- Number of open end funds (OEFs) hit 100,494
- Worldwide assets invested in OEFs US\$37.2Tn
- Over 50% of OEFs Net Assets is in the Americas
- For the USA
 - Over 48% of OEFs Net Assets
 - Total Net Assets of US\$17.8 Tn
 - Equity Funds – 56%
 - Bond Fund – 21%
 - Others – 23%
 - Investment companies managed 22% of household financial assets

The United States Has the World's Largest Regulated Open-End Fund Market

Percentage of total net assets, year-end 2015



Sources: Investment Company Institute and International Investment Funds Association

Worldwide Total Net Assets of Regulated Open-End Funds

Millions of U.S. dollars, year-end

	2008	2009	2010	2011	2012	2013	2014	2015
World	\$20,631,003	\$25,088,939	\$27,374,359	\$26,578,593	\$30,213,561	\$34,462,543	\$37,072,351	\$37,190,528
Americas	11,130,264	13,355,373	14,591,545	14,583,246	16,488,566	18,864,164	20,009,504	19,557,328
Argentina	3,867	4,470	5,179	6,808	9,185	11,179	15,630	16,435
Brazil	479,321	783,970	980,448	1,008,928	1,070,998	1,018,641	989,542	743,530
Canada	416,031	565,156	636,947	753,606	856,504	940,580	981,804	889,610
Chile	17,587	34,227	38,243	33,425	37,900	39,291	44,166	39,898
Costa Rica	1,098	1,309	1,470	1,266	1,484	1,933	2,092	2,533
Mexico	60,435	70,659	98,094	92,743	112,201	120,518	119,504	105,940
Trinidad and Tobago	N/A	5,832	5,812	5,989	6,505	6,586	7,121	6,983
United States	10,151,925	11,889,750	12,825,352	12,680,481	14,393,789	16,725,436	17,849,645	17,752,399
Europe	7,393,787	8,912,070	9,573,876	8,949,093	10,257,646	11,715,462	12,858,573	12,772,328
Asia and Pacific	2,037,535	2,715,235	3,067,323	2,921,278	3,322,199	3,740,049	4,057,800	4,738,804
South Africa	69,417	106,261	141,615	124,976	145,150	142,868	146,474	122,068

Source: International Investment Funds Association

Sources: Investment Company Institute and International Investment Funds Association

Investment Company Total Net Assets by Type

Billions of dollars; year-end, 1998–2015

	Mutual funds ¹	Closed-end funds ²	ETFs ³	UITs	Total ⁴
1998	5,525	156	16	94	5,790
1999	6,846	147	34	92	7,119
2000	6,965	143	66	74	7,247
2001	6,975	141	83	49	7,248
2002	6,383	159	102	36	6,680
2003	7,402	214	151	36	7,803
2004	8,096	253	228	37	8,614
2005	8,891	276	301	41	9,509
2006	10,398	297	423	50	11,168
2007	12,000	312	608	53	12,974
2008	9,621	184	531	29	10,365
2009	11,113	223	777	38	12,151
2010	11,833	238	992	51	13,114
2011	11,632	242	1,048	60	12,983
2012	13,057	264	1,337	72	14,729
2013	15,051	279	1,675	87	17,091
2014	15,875	289	1,974	101	18,240
2015	15,652	261	2,100	94	18,107

Sources: Investment Company Institute and Strategic Insight Simfund

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Number of Investment Companies by Type
Year-end, 1997–2015

	Closed-end				Total
	Mutual funds*	funds	ETFs	UITs	
1997	6,778	486	19	11,593	18,876
1998	7,489	491	29	10,966	18,975
1999	8,003	511	30	10,414	18,958
2000	8,370	481	80	10,072	19,003
2001	8,518	489	102	9,295	18,404
2002	8,511	543	113	8,303	17,470
2003	8,426	581	119	7,233	16,359
2004	8,417	618	152	6,499	15,686
2005	8,449	634	204	6,019	15,306
2006	8,721	645	359	5,907	15,632
2007	8,745	662	629	6,030	16,066
2008	8,879	642	728	5,984	16,233
2009	8,611	627	797	6,049	16,084
2010	8,535	624	923	5,971	16,053
2011	8,673	632	1,134	6,043	16,482
2012	8,744	602	1,194	5,787	16,327
2013	8,972	599	1,294	5,552	16,417
2014	9,259	568	1,411	5,381	16,619
2015	9,521	558	1,594	5,188	16,860

Sources: Investment Company Institute and Strategic Insight Simfund

Sources: Investment Company Institute and International Investment Funds Association

What has been the local experience

- Barbados (FSC Statistical Bulletin Dec 2014)
 - 25 Mutual Funds; AUM circa US\$0.9Bn; 4 Investment Managers
 - 59% of AUM in Growth & 31% of AUM in Income
 - 21 Stocks listed; market cap (local) appx US\$2.8B (Jan 2017)
- Trinidad (SEC)
 - 65 Mutual Funds; AUM circa US\$7.1Bn (2014)
 - 37 stocks listed; market cap US\$17.5Bn (2017)
- Jamaica (FSC Securities Industry Performance 2015)
 - FUM of Securities Dealers –US\$7.4Bn; 36% in Repos
 - 12 Unit Trusts; AUM circa US\$1.13Bn; 5 Investment Managers
 - 10 Mutual Funds; AUM circa US\$200M

What has been the local experience

- Jamaica

Private Debt Market

2015 registrations: 87 deals; J\$28.7B & US\$776.4M

2015 executed: 71 deals; J\$15.9B & US\$252.3M (~US\$405M or 6.6% of GDP)

2016 registrations: 77 deals; J\$101.9B & US\$532.4M

2016 executed: 48 deals; J\$29.1B & US\$215.9M (~475.7M or 7.8% GDP)

JSE Main Market Cap was ~US\$5.0B (82.2% GDP)

2016: 1 ordinary listing ~US\$12.7M; 4 pref. listing US\$~US\$59M

JSE Junior Market Cap Oct 2016 was ~US\$806.7M (13.2% GDP)

2015: 1 listing US\$2.1M

2016: 6 listing US\$6.7M

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