



Kerwyn Valley, Managing Director (ASPIRE Fund Management)

On Thursday Oct 3 2019, Conference Sponsor ASPIRE Fund Management, hosted a breakfast seminar at the Hyatt Regency Conference Room entitled,

“The Disruption and Transformation of the Local Capital Market Via Private Equity.”

The seminar addressed the absence of Private Equity Financing in the Domestic Capital Market, where the argument was advanced that financing opportunities for small and medium-sized enterprises were primarily available only through traditional banking via lending.

In the opening remarks, ASPIRE’s Chairman, Howard Dottin, set the tone of the conference with an early reminder that traditional banks, while having borne the burden of financial mobilization, could not be all things to all people and that patient financial capital such as Private Equity, was woefully absent from our economic landscape. Dottin lamented the reality that MBA graduates are more focused on keeping, or obtaining jobs in the corporate sector, rather than entering the world of entrepreneurship, leading to an inert level of innovation, risk taking and creativity. This has sadly become a cultural norm of risk aversion that has evolved in our society. According to Dottin, ”

“Our graduate schools must find ways of ensuring that business disciplines are not taught in silos while concomitantly making students more comfortable with negotiating the uncertainties of risk and the unknown. If 10% of the 500 Masters graduates chucked out annually decide to open their own businesses that would be a fillip to the diversification thrust. All that is really required from government at this time is the expeditious facilitation of an environment where doing business is made easy.”

Aspire’s Chairman also differentiated between Angel Investors, (typically wealthy individuals who invest their own money into companies) and Venture Capitalists, (persons who invest other people’s money into companies, but come to the table with industry experience and capital). This vital definition intervention laid the way to driving home his view of the need to bring life to our domestic Capital Market via Private Equity, with the understanding that these activities were very different to Banking. Howard Dottin’s opening remarks laid the way for the first panel discussion entitled:

“Why Private Equity Hasn’t Happened”

The first panel moderator Kriss Marcus, a Financial Consultant with ASPIRE, introduced the discussion, referencing the United States’ and Jamaican Capital Markets, where private equity was a critical component of those financial systems and highlighted the virtual absence of such vehicles in our domestic context even though there

existed a fairly active debt market locally. Marcus also highlighted that the absence of Private Equity was a key missing component in our local financial landscape, limiting opportunities to provide access to loans through the banking system. The discussion introduced the role of regulators in expediting the process in bringing both debt and equity issues to market.

During the discussion, the TTSEC CEO, Haydn Gittens, reminded the audience that the role of the TTSEC was one of ensuring disclosure as opposed to opining on the virtues of investments, whereas the issuers’ obligation was to provide the requisite information to assist investors in making proper decisions in the due diligence stage of investment selection. Other panelists included Joseph Remy, The President of the TT Credit Union League, Sana Ragbir, the General Manager of First Citizens Investment Services and Duane Hinkson, CEO of Development Finance Limited all of whom, while giving their own unique accounts of their experiences, all arrived at the same conclusion that Private Equity was long overdue in the local landscape.

The discussion was a natural segue into the second panel discussion themed: -

“How to Make it Happen”

...where Industry Advocates provided insight as to their own support of Private Equity and their firms’ approaches to mobilizing this much needed capital for Economic Development and the glaring deficiency created by the absence of such vehicles.



Panel1: L/R- Kriss Marcus (ASPIRE), Joseph Remy (TT League), Haydn Gittens (TTSEC), Duane Hinkson (DFL) and Sana Ragbir (FCB)



Panel2: L/R- Hubertus van de Vaart (SEAF) Ronald Carter (JMMB), Nigel Edwards (TTUTC) and Leslie Clarke (Murphy Clarke Financial)



Howard Dottin Chairman (ASPIRE)



Duane Hinkson (DFL), Kriss Marcus (ASPIRE) and Leslie Clarke (Murphy Clarke Financial)



Kurt Valley, General Manager (FCB Depository Services), Brian Jahra, Owner (IMAX) and Kerwyn Valley, Managing Director (ASPIRE)

This session was moderated by Trudie Telesford-Pierre, the President of the Securities Dealers' Association of Trinidad and Tobago (SDATT) who made it clear that the Capital Market was critical to the growth and sustainability of any economic model and that "Patient Money" or Private Equity was the enabler of innovation, entrepreneurship and diversification. Of equal importance, she stated, was the investment goals and objectives of prospective investors, taking into consideration portfolio composition, risk and reward and the overall role Private Equity would play in investment performance.

Guest panelist included Nigel Edwards, Executive Director of the Trinidad and Tobago Unit Trust Corporation (TTUTC), Ronald Carter, CEO of JMMB (Trinidad), Leslie Clarke, Managing Director of Murphy Clarke Financial and Hubertus van de Vaart, CEO of Small Enterprise Assistance Funds (SEAF), all of whom endorsed the need for Private Equity as an economic enabler, while putting forward their recommendations as to how to make it happen. Coming out of this discussion, panelists committed to working collectively with other desirous industry participants to take Private Equity forward.

The keynote address was delivered by the Managing Director of ASPIRE, Kerwyn Valley, who began his note highlighting that the birth of any successful business starts with a dream and that there is a very important relationship between such dreams and Private Equity in making those dreams come true.

He impressed upon the audience the notion that "Money Follows Quality" after inviting the audience to accept the paucity of locally manufactured items, when taking a look around the conference room. He then went on to illuminate that Private Equity was the "Money in the Middle," where he explained that traditionally a dollar of business capital is represented by about 60 cents of Bank Debt at the top, 10 cents of founders' equity at the bottom and the "money in the middle" or Private Equity, represented the 30 cents at the centre. This analogy illustrated that the average entrepreneur could access the 60 cents at the top, only when the money in the middle became available.



Ron Carter (JMMB), Nigel Edwards (TTUTC), Trudie Telesford-Pierre (SDATT), Hubertus van de Vaart (SEAF) and Leslie Clarke (Murphy Clarke Financial)



Alvin Stephenson, President (Palo Seco Credit Union)

In his address, he was also able to demonstrate that Government revenues increase via taxes when new businesses and income earners are added to the economy and that Private Equity was the "Economic Growth Enabler" to new businesses.

He concluded his address by presenting a video of an acapella rendition of Machel Montano's "We Not Giving up."

The conference ended with a short video testimonial provided by Become Investible Ltd ("Become Investible") of two successful Private Equity Candidates, one of which is now a publicly traded company on the Secondary Stock Exchange.



ASPIRE and KCL Teams

THE MONEY IN THE MIDDLE

