



An RBC™ Company

Invites you to a virtual event

Opportunities for SME's on the TTSE

April 5th, 2023 | 10:00am – 11:00am



Thank you for joining.
You'll be on silent hold until the event begins.
Submit your questions for the Q&A by going to [slido.com](https://www.slido.com)

Slido Event Code: #WISE

Slido Passcode: RBC



Welcome & Remarks



Adrian Manmohan

Director,
West Indies Stockbrokers
Limited

Featured Speakers



Marc Jardine

Vice President,
Business Banking,
Trinidad & Tobago



Ian Narine

Chairman,
Trinidad & Tobago Stock
Exchange



Sinead Ellis

Vice President
Corporate Banking

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**OPPORTUNITIES
FOR SMALL & MEDIUM ENTERPRISES (SME) ON
THE TRINIDAD AND TOBAGO STOCK EXCHANGE
SME MARKET**

Adrian Manmohan, Director, West Indies Stockbrokers Limited



WEST INDIES STOCKBROKERS (WISE)

HISTORY

- ✓ A wholly owned subsidiary of RBC Financial (Caribbean) Limited
- ✓ Established in 1964; the longest standing and largest brokerage firm in T&T
- ✓ In excess of TTD16Billion Under Administration
- ✓ Client Base over 10,000 clients



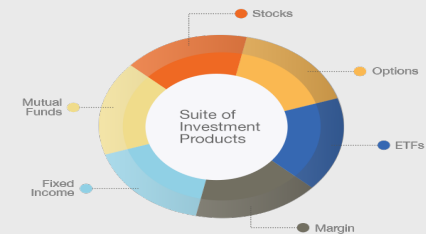
CLIENT BASE THROUGHOUT THE REGION

- ✓ Individuals
- ✓ Small & Medium Size Businesses
- ✓ Institutions and Corporations



PRODUCTS AND SERVICES

- ✓ International & Domestic Equity
- ✓ International & Domestic Fixed Income
- ✓ Customised Investment Portfolios
- ✓ Roytrin Mutual Funds
- ✓ Initial Public Offering Services (in collaboration with RBC partners)



WEST INDIES STOCKBROKERS (WISE)

INITIAL PUBLIC OFFERING (IPO) SERVICES

Key IPO Services offered (in collaboration with RBC partners) include:

- Evaluate and advise on your readiness to go public
- Assist and review your action plans to address the gaps identified
- Assist in establishing a fair price for the IPO
- Assist in the preparation of the Prospectus including liaising with your other professional advisors and the regulators
- Develop plan and coordinate the roadshow for attracting investors.



IPO

Initial Product Offering

The process of offering shares of a private corporation to the public in a new stock issuance for the first time.

WEST INDIES STOCKBROKERS (WISE)

REQUIREMENTS FOR IPO

WISE Representatives can guide you on pre-requisites inclusive of:

- ✓ TTSE & TTSEC approval of prospectus
- ✓ Minimum of 25 shareholders holding at least 30% of new shares issued
 - ❖ These shareholders must not be associated with the Directors, Senior Officers, Connected Persons and the holders of the ten (10) largest blocks of securities issued.
- ✓ Minimum issued share capital of TT\$5,000,000.00 and a maximum issued share capital of TT\$50,000,000.00.
- ✓ Independent auditor to review financial statements
- ✓ Board of Directors :
 - ✓ Minimum of three (3) directors inclusive of two (2) independent non-executive Directors.



WEST INDIES STOCKBROKERS (WISE)

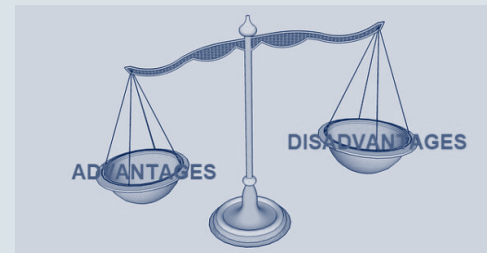
ADVANTAGES AND DISADVANTAGES OF IPO

ADVANTAGES

- To raise capital and potentially broaden opportunities for acquisitions in the current downturn.
- To increase liquidity for your stock, which may allow the owners and employees to sell stock more easily.
- Reduced overall cost of capital
- Increase your visibility and credibility
- Use stock as a means of payment for instance company ESOPs, acquisitions
- Tax benefit as outlined in the Finance Act, 2020.

DISADVANTAGES

- Additional regulatory requirements and disclosures
- Market pressures
- Potential loss of control
- Transaction costs



WEST INDIES STOCKBROKERS (WISE)

SME INCENTIVE - FINANCE ACT, 2020

In the case of an SME listed company, the rate of tax for the first ten years from listing on the Trinidad and Tobago Stock Exchange shall be broken down and calculated as follows:

(a) zero per cent for the first five years from listing;

And

(b) fifteen per cent for the next five years

Immediately following the period referred to in paragraph (a), and thereafter at the rate of tax specified in paragraph 1 of the First Schedule.

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SME MARKET**

SME Capitalization

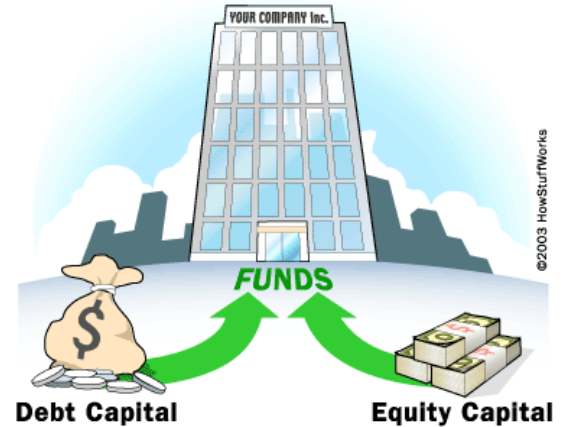
CURRENT STATE:

- ❖ One of the Primary Issue for SME's "Access to Capital"
- ❖ Trinidad's Capital Culture has always been debt based or equity contributions injected personally

PREFERRED FUTURE STATE:

SME's Growth strategy must include unique ways to:

- ✓ Gain market share
 - ✓ Reduce imports and expand exports
 - ✓ Benefit from structures within CARICOM
 - ✓ Access the diaspora market
-
- Access to structured capital is critical for this growth to be achieved. Debt / Equity / Subordinated Debt / Preferred Shares etc.
 - Access should not be limited to debt providers
 - Government support and grant funding can only go so far
 - Private Equity in its current form can lead to potential control /ownership / management issues



SME Capitalization

SCENARIO:

Cocrico Enterprises needs to **raise TT\$50MM** in order to expand production capacity, storage and logistics but the financial forecasts **could only support TT\$30MM** in the short term (expanding once the markets have been established), there would be a **funding gap of TT\$20MM** with limited avenues to cover same.

Issues include:

- ❖ Scalability / Economies of Scale;
- ❖ Risky financial position (Asset rich , cash poor) during critical growth stages;
- ❖ Liquidity ratios are critical and without funds being injected/ reinvested this may stifle a company's ability to support growth.



VIABLE SOLUTION:

1. Registering with the TTSE and floating an equity offering is one way of funding this gap and achieving the goal;
2. The “pre-work” to listing will keep a SME on the right track as the diligence and discipline can only have a positive impact going forward;
 - ✓ The preparation of audited financial statements;
 - ✓ A clear and detailed business plan;
 - ✓ Organizational structure and frameworks;
 - ✓ Competitive analysis and an understanding of the company's capabilities;
 - ✓ Adherence to reporting requirements.



- At RBC we are dedicated to helping our clients' meet their financial needs , consider individual risk appetite and solutions for a balanced capital structure
- SME's that have transparent and clear requirements will build trust with RBC relationship managers;
- The impact on the local SME marketplace will direct more companies to more of a blended capital structure.

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CFAS and WISE



A Strategic Partnership



What is CFAS?

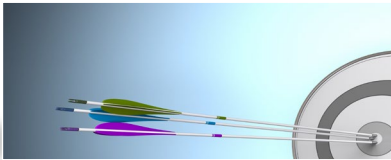


Caribbean Financial Advisory Services (CFAS)

Solutions that work.....



Our Purpose – Our Caribbean Financial Advisory Services (CFAS) business is centered on our client’s objectives through designing, transforming and executing bespoke solutions based on trusted relationships, deep industry knowledge and professional experience



Our Services - specialized Advisory Service offering;

1. Financial and Business advisory,
2. Corporate and Capital (re)structuring,
3. Project financing advisory,
4. Mergers and Acquisition advisory,
5. Funds arrangement services
6. Debt and equity financing advisory



Our Team – we have specialized team of experts with several years of service. Our team benefits from a cross section of experts throughout the bank.



Our Global Network – CFAS services are available throughout the Caribbean. However, benefit from the global expertise available and the specialists in particular industries.

CFAS and WISE

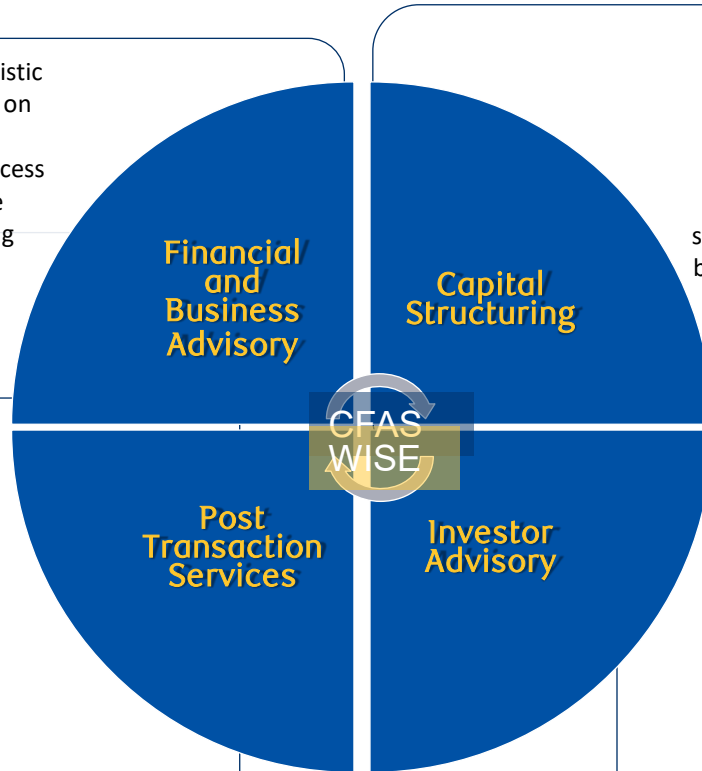
CFAS and WISE Strategic Partnership

How CFAS services integrate with WISE offerings

•Through our CFAS services we can provide holistic and in-depth analysis of your company. Based on the objective of the company, whether it is to diversify risk and return or ways to manage excess liquidity. We can structure solutions and make recommendations utilizing the product offering available via our strategic partner WISE

•Companies with newly raised financing via IPOs or APOs can engage CFAS in the event of oversubscriptions or undersubscriptions to assist financial planning or restructuring of the equity financing.

•On the flipside, CFAS services can also spot opportunities for shareholders when there are dividend payouts or share buyouts – we can refer to our WISE partners to assist in execution of your financial decisions



•Our offerings can provide an analysis of the capital structure which would be ideal for your company utilizing best practices and industry comparatives. Furthermore, with the incentives available for the SME on the stock exchange, CFAS can assist in the due diligence and modelling to determine the capital structure as well as produce marketing materials for your business. This strategy can be then executed by our WISE partners

•WISE's clientele may be seeking to expand their portfolio or explore new investment opportunities in order to diversify their portfolio. CFAS can provide that bridge into private equity investment for investors in WISE

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OPPORTUNITIES FOR SMALL & MEDIUM ENTERPRISE (SME) MARKET ON THE TRINIDAD AND TOBAGO STOCK EXCHANGE

Ian Narine – Chairman TTSE

April 5, 2023



A DIFFERENT APPROACH

- Discussion from the perspective of an entrepreneur.
- Looking at the issues through your lens rather than the perspectives of the Bank or the Stock Exchange.
- The objective of the presentation is to help you to appreciate the opportunities from listing on the TTSE SME Market
- I look forward to your questions at the end.

WHAT DOES THE ENTREPRENEUR VALUE THE MOST?

Entrepreneurship is.....

Hard....

Not for everyone....

It is a Lifestyle Choice!



WHAT DOES THE ENTREPRENEUR FEAR?

- #1 Losing control of our business.
- The stranglehold of the regulators.
- The intrusion of external shareholders.
- The idea of external directors participating in our family owned and operated business.
- The fear of failure
- The fear of public perceptions because we have more information about our business out there.
- The fear of not living up to investor expectations.

FROM FEAR TO OPPORTUNITY

- More freedom due to better quality management.
- More creative due to access to diverse sources of capital.
- Better ideas and execution because of higher quality engagements and a better feedback loop.
- Bigger -> Faster -> Impactful

PROS > CONS

- Step outside your fears to realize more of your potential as a business owner.
- In invite you to - Create the business continuity that leads to more stable intergenerational growth.

RISK PERCEPTION



WHERE DO YOU STAND?

1. **Low Risk Perception & Fear:** You hesitate to list on an SME exchange due to unfamiliarity with the process or a lack of understanding of the benefits. You do not see the immediate need or opportunity and, as a result, don't pursue a listing.
2. **Low Risk Perception & Opportunity:** You understand the opportunity and the benefits of listing on an SME exchange and perceives it as a low-risk move, you are more inclined to take advantage of the opportunity. Listing can provide access to more capital for business growth, diversify your financing options, and allow for potential future rounds of capital raising.
3. **High Risk & Fear:** You may fear a loss of control over your company, potential negative public perception, and the pressure of meeting investor expectations. This fear may be amplified if you perceive the listing process as high-risk, making you more reluctant to list your company on an SME exchange.
4. **High Risk & Opportunity:** Despite the perceived risks, listing on an SME exchange can provide significant opportunities for an entrepreneur. Increased visibility and credibility can attract strategic partners, help the company better lobby for changes, and expand its shareholder base. These benefits may outweigh the perceived high risk and encourage the entrepreneur to list their company on an SME exchange.

TAXATION OPPORTUNITY

SME 1 (30% Corporation Tax)	SME 2 (0% Corporation Tax)
Revenue: \$1,000,000	Revenue: \$1,000,000
Cost of Goods Sold (COGS): \$600,000	Cost of Goods Sold (COGS): \$600,000
Gross Profit: \$400,000	Gross Profit: \$400,000
Operating Expenses: \$200,000	Operating Expenses: \$200,000
Operating Profit: \$200,000	Operating Profit: \$200,000
Corporation Tax (30%): \$60,000	Corporation Tax (0%): \$0
Net Profit: \$140,000	Net Profit: \$200,000

MORE OPPORTUNITY

- As a listed company your shares become a form of currency.
- Because you now have publicly traded shares you can use your shares over time to acquire other businesses or you can pledge your shares as collateral for your personal financial needs.
- All of this contributes to economic activity – credit to the Government of the day for taking this step.

SUMMARY

- You open up new avenues for your business growth and stability. You have access to multiple sources of capital and you are indifferent to debt versus equity because of the tax incentive.
- You also elevate your businesses to new heights in the eyes of the public and the wider business community.
- You gain a national profile that increases your visibility and credibility – more revenues.
- You become important corporate citizens who have the power to drive change and influence policy. You can better advocate for the changes and considerations that matter most to you and your businesses.
- As listed companies, you will find ourselves in a stronger position to forge strategic partnerships, attract top talent, and secure resources that can help us overcome the challenges that you face.
- In doing so, you pave the way for greater success, not just for your businesses but also for your cherished entrepreneurial lifestyle.

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CONTACT INFORMATION

Name	Unit	Phone Numbers	E-Mail Address
Adrian Manmohan	WISE	Office: 612-5930 Mobile: 681-7278	adrian.manmohan@rbc.com
Salma Ali	WISE	Office: 612-5987	salma.ali@rbc.com
Marc Jardine	Business Banking	Mobile: 496-1289	marc.jardine@rbc.com
Sinead Ellis	Corporate Banking	Office: 612-6209 Mobile: 309-5654	sinead.ellis@rbc.com

Contact any of the above representatives for more information



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