

Newsletter June 2015

Barbados International Business Association

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THE PRESIDENT SPEAKS

Plans to support and promote

Andrew Alleyne
President



Dear Members,

Firstly, I would like to recognize the outstanding work the immediate past president, Connie Smith, has done for the Barbados International Business Association (BIBA) and for the international business (IB) sector. Connie has worked tirelessly to advocate our members' concerns and to promote the benefits of the IB sector.

Secondly, I would also like to recognize the work done by the BIBA Board, the Executive and the Committees. It is through these individuals that the bulk of work is done in fulfilling BIBA's strategic plans for growth in the international business sector.

I believe the IB Sector in Barbados has enormous potential for growth and expansion. Right now the sector is not operating anywhere near its full potential. Despite the recent changes in the Canadian legislation, there will continue to be opportunities from Canada. New markets and new treaties, combined with new Barbados legislation will present even greater opportunities.

The sector will continue to be subjected to attacks from the OECD, BEPS initiative, the EU (as we recently witnessed), and from individual countries that arbitrarily blacklist Barbados for being uncooperative, without evidence to support these allegations. Fending off these attacks will require the cooperation of both the public and private sectors.

Over the next year I plan to focus on the following key areas:

1. Support Government's efforts to promote Barbados as the "wealth management centre of choice in this hemisphere".
2. When faced with attacks from international organizations, that appear to be determined to

curtail the growth of international financial centres, we all have to work even harder to ensure that Barbados is an attractive place to invest. BIBA is committed to working with the public and private sectors to improve business facilitation and to create an enabling environment for international business and for new potential investors.

3. Support Government in its efforts in promoting Barbados' attributes to the European Union and its member countries, to avoid being grouped with the wider Caribbean as a "high risk tax haven".

4. Continue to work with Government, and the Central Bank to overcome the challenges of maintaining existing and establishing new correspondent banking relationships with US clearing banks.

5. Encourage Government to fast-track the legislative agenda and to harmonize the different pieces of legislation to eliminate inconsistencies. Barbados needs new internationally competitive products to attract more international investment.

6. Support the treaty-negotiating team and encourage more transparency of the treaty negotiation process, to allow practitioners the opportunity to exploit the business advantage of new bi-lateral agreements.

7. Continue to educate Barbadians on the importance of international business to our economy. The annual International Business Week highlights the benefits. However, this must be an ongoing effort.

8. Last, and equally important, my commitment is to use all of BIBA's resources to improve the flow of relevant information to our members in a timely manner.

With the support of the Board, the Executive, the Committees and the Secretariat, I look forward to serving our members over the next year. ■

Welcome

In this month's newsletter, we welcome our new President Mr Andrew Alleyne and our Board of directors, who were officially elected last month at the Annual General Meeting (AGM). Please take time out to read Mr Alleyne's mandate.

Photo highlights of the AGM are also in this edition, as well as coverage from the presentation ceremony for the official handing over of the medical equipment by BIBA Charity.

Special thanks are in order for our featured contributors in this month's edition; Mr Ryle Weekes for taking part in our monthly Members' Corner and Mr Kevin Armstrong for his piece on Captive Insurance Companies.

The secretariat would like to remind you that any relevant articles are welcomed and your participation would be much appreciated. Please direct submissions, comments and other feedback to our Marketing and Communications Officer, Mialisa Fenty at mfenty@biba.bb.

Executive Director
Henderson Holmes



MEMBERS'

CORNER



Ryle Weekes
BIBA member and
Past President (2013)

Members' Corner is a light-hearted segment featuring our members. Its sole purpose is to create a forum whereby their more interesting aspects are revealed. This month we focus on BIBA member, past president and past treasurer, Ryle Weekes.

Ryle Weekes is the president of Cidel Bank & Trust Inc. and is a member of the Cidel management and investment committees.

Cidel Bank and Trust is an international financial services group that designs and implements customized financial solutions to help clients build, preserve and transfer wealth. With a strategic network of operations in Barbados, Canada and internationally, Cidel's broad range of investment, trust and structuring capabilities provide clients with solutions that are global, innovative, transparent and compliant. The Cidel Group currently has \$11 billion in assets under administration.

1 **What are you truly passionate about?**
Embracing life experiences. Whether it's a challenging work assignment, new hobby or an enjoyable holiday adventure, I get excited about what I'll learn from the experience and how it'll impact on the way I think and operate going forward.

2 **Describe yourself in one word:**
Amiable. Life is too short to wallow in conflict and negativity. I haven't encountered the individual or problem that can destabilize my equilibrium for any meaningful length of time.

3 **If you could be anyone else for a month, who would it be and what is the first thing you would do?**
Mark Zuckerberg. Deactivate Facebook and Instagram so people can take a break from documenting life and actually live it!

4 **What is your "super power"?**
I can argue a point convincingly with vigorous exuberance that belies how little I actually care about the matter.

5 **Name one thing people don't realize or know about you?**
I really enjoy moments of complete solitude occasionally.



Henderson Holmes
Executive Director

THE EXECUTIVE DIRECTOR'S REPORT

Global Forum Plenary in Barbados

The first meeting of the coordinating committee for the 8th Global Forum meeting to take place in Barbados late October 2015, was convened by the Ministry on May 7, 2015. The committee comprises representatives from several government ministries and agencies, Invest Barbados, Central Bank, Barbados Tourism Marketing Inc., and BIBA.

The areas requiring specific planning details such as reception at airport, transportation management, and hospitality evening were highlighted. The ministry was also encouraged to agree on Barbados' ultimate objective for inviting the Global Forum (GF) to meet in Barbados, and it was emphasised that we must take advantage of the opportunity to positively impact the GF representatives' perception of Barbados; hence we must give careful thought to our messaging and messengers.

Joint Policy Working Group (JPWG)
The Ministry of International Business convened a meeting involving representatives of BIBA, the ministry, the JPWG Chair (Ricardo Knight), and Deputy Chair (Liza Sodha), and Tyson Thompson (member of JPWG), to discuss the draft amendment to the Companies Act to provide for the formation of Incorporated Cell Companies. BIBA was represented by Andrew Ferreira and Christopher Evans of the BIBA Legal Profession and Insurance Committees, respectively.

The discussion centred mainly on whether there needed to be a separate piece of legislation or an amendment to the Companies Act would suffice. The Ministry is now reviewing the draft legislation which the BIBA Insurance Committee commissioned Chancery Chambers to prepare, and evaluating the two positions in light of the points raised at the meeting. We await the final outcome and revised version of this important piece of legislation.

Other highlights include:

- The Ministry of International Business is considering a draft paper submitted by Liza Sodha on Real Estate Investment Trusts.
- The Ministry of International Business has been reviewing comments from several legal and financial practitioners on the draft LLP legislation and has indicated that it will shortly be convening a meeting involving BIBA, ICAB, CPC to review the draft relative to the comments submitted and any other considerations or concerns stakeholders may have.
- The IBU and the CAIPO were in discussion regarding the logistics for the administration of the PTC Act. According to the ministry executives, staff training is ongoing and implementation of this legislation will follow the same timeline as the CTPSA since those who wish to set up PTCs must be Registered Agents.
- The CPC has drafted an amendment Bill to permit the establishment and operation of Exempt Foundations in Barbados. Draft forms and regulations have also been prepared. According to the Ministry, the Bill was submitted to the Ministry of Finance for approval during the week of February 13, 2015, prior to its submission to Cabinet.
- The feasibility study on the establishment of a Regional Arbitration Centre in Barbados has been completed and is under active review by the Ministry in the role of coordinator for this initiative.
- Recommendations for amendments to the Mutual Fund/Hedge Fund Act submitted by the FSC were approved by the Ministry of Finance. The FSC is still awaiting comments on the amendments from the committee established to review that legislation.

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"...we must take advantage of the opportunity to positively impact the Global Forum representatives' perception of Barbados."



KEVIN ARMSTRONG, MBA, CIM
Investment Advisor, RBC Wealth Management
 RBC Dominion Securities Global Ltd.

Investing for Captive Insurance Companies in the current environment

Insurance companies around the world accumulate investment assets as they hold incoming insurance premiums in reserve for the payment of future claims. For large, traditional insurance companies these assets are put to work in a broad array of investments, from cash and other liquid securities to stocks and bonds and real property; some have even diversified into alternative investments including hedge funds and private equity. The scale of these companies and the diversification of risks across many different customers and multiple lines of business are all factors that support the breadth of suitable investment opportunities.

Captive insurance companies differ from those very large institutions on a critical factor: the diversification of risks in their insurance business is typically lower because they generally offer fewer lines of insurance coverage, and often to just one customer. This characteristic has rightly led captive insurance companies to emphasize certain factors in developing investment policies: these are liquidity, low volatility and the preservation of capital with limited risks taken only when supported by adequate levels of insurance reserves.



With this imperative, captive insurance companies have tended to construct investment policies that are restricted to fixed income assets, particularly in short term and higher quality bonds. These strategies have worked well historically with a multi-decade fixed income bull market delivering strong returns with low volatility: as an example consider the FTSE/TMX Canadian Short-Term Bond Index which over the 20 years ended March 2015 posted an average annual return of 5.4% with a standard

deviation of 2.3%. Standard deviation is a statistical measure of dispersion from an average, in this case the average annual return, and is used as a measure of volatility in investment returns. When combined, these statistics suggest that over the last 20 years, 99% of the time the index has delivered an annual return greater than or equal to 0% and nearly 98% of time the annual return was in excess of 0.8%.

.....

‘... captive insurance companies have tended to construct investment policies that are restricted to fixed income assets, particularly in short term and higher quality bonds.’

Over more recent time periods, returns from this sector of the market have declined as interest rates and bond market yields marched steadily lower through the global financial crisis and the unprecedented and globally coordinated monetary easing that followed.

The average annual return of the index fell to 3.8% over the 10 years ended March 2015 and to 2.9% over the last five years. Looking ahead, low market yields are further tempering performance expectations; the market yield to maturity of the FTSE/TMX Canadian Short-Term Bond Index at the end of March 2015 was just 1% suggesting that, even if nothing else changes, the near term returns of this sector are likely to fall far short of history. As central banks seek to return monetary policy to more neutral levels the sector could face additional headwinds, first in the U.S. where the Federal Reserve is widely expected to begin raising interest rates later this year, but also eventually in Canada.

Higher short term interest rates will likely push yields on short term bonds higher, constraining returns further. Another potential risk to which we are attentive is the increased volatility that may occur in short term bonds due to market uncertainty around the timing and magnitude of interest rate changes.

Neither low returns nor potential short-term increases in volatility suggest that captive insurance companies re-think the inclusion of short term fixed income strategies in their investment portfolios – the sector remains critical for the purposes of capital preservation, liquidity and generating interest income, and will remain a significant and core component of our investment strategy for captives. But what the current environment does suggest to us is that captive insurance companies, especially those that remain restricted to short term high quality fixed income, should be actively considering diversification opportunities in other areas.

Asset classes that we have found to be suitable for consideration and have discussed with clients include a broader range of investment grade corporate fixed income, global bond strategies and both actively and passively managed global equities.

We believe that through the combination of a thorough understanding of our clients and their objectives, supported by tools that can demonstrate to our clients the return and risk implications of different asset allocation strategies, and informed by the breadth and depth of RBC’s global Wealth Management and Capital Markets resources, we are able to earn the right to be our clients’ first choice.

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THE NEW BOARD: President Andrew Alleyne (bottom, middle); and (from left) Treasurer Nicholas Crichlow, Ex-Officio Connie Smith, 1st Vice President Gregory McConnie and 2nd Vice President Marlon Waldron. (From left, above) BIBA Executive Director Henderson Holmes and Directors Cadian Drummond, Janice Burke, Melanie Jones, Tara Frater and Elliot Barrow.

BIBA welcomes new Board

The Barbados International Business Association held its Annual General Meeting on June 25th, 2015 at the Yacht Club and a new board was appointed to handle the affairs of the organization.

The new board for 2015 - 2016 is as follows:

- President** Mr. Andrew Alleyne
- 1st Vice President** Mr. Gregory McConnie
- 2nd Vice President** Mr. Marlon Waldron
- Treasurer** Mr. Nicholas Crichlow
- Secretary** Ms. Julia Taggart
- Directors** Mr. Elliott Barrow
Ms. Janice Burke
Mr. Peter Douglas
Ms. Melanie Jones
Ms. Cadian Drummond
Ms. Dominique Pepin
Ms. Tara Frater
Ms. Connie Smith
- Ex-Officio**

To view the 2014-2015 Annual Report click here. ■



Outgoing president Connie Smith, making her report.



New President Andrew Alleyne delivering his welcome speech.



A cross-section of the attendees.



BIBA members mingle after AGM

Here are some of the photo highlights!





BIBA Charity officially presents walk-in cooler

The Winston Scott Polyclinic received another piece of medical equipment from the Barbados International Business Association (BIBA) Charity on Monday (June 29th, 2015), bringing the total amount of donations to that institution from our charity for the year, to over \$250,000.

The latest donation, presented by BIBA president, Andrew Alleyne, to Deputy Permanent Secretary in the Ministry of Health, Cheryl Alleyne, included several pieces of equipment, the major ones being a walk-in vaccine cooler and a generator.

PRESENTATION continued on next page.



BIBA President Andrew Alleyne making his address.



A cross-section of the attendees.



Trustee Chairperson of the BIBA Charity Lisl Lewis expressing her heartfelt thanks.



BIBA President and Managing Director, Argentum Management, Andrew Alleyne presenting medical equipment to Deputy Permanent Secretary, Ministry of Health, Cheryl Alleyne.



From left: BIBA Ex-Officio and Managing Director, Tricor Caribbean, Connie Smith; Trustee Chairperson of BIBA Charity, Lisl Lewis; BIBA President and Managing Director, Argentum Management, Andrew Alleyne; BIBA Charity trustee and Director of Tax and Legal Services, PricewaterhouseCoopers, Louisa Lewis-Ward; and Attorney-at-Law and Partner at Lex Caribbean, Melanie Jones, standing inside of the walk-in cooler.

Special thanks to BIBA

CHARITY continued from Page 6

BIBA Trustee Chair, Lisl Lewis, thanked all the donors who responded to the fund-raising drive and highlighted the effort of John Howard who completed a 10-hour, 25+ kilometre swim from St. Lawrence to Port St. Charles, which raised close to \$30 000.

“This donation represents the culmination of 18 months of fund-raising. I would like to thank all of our donors, big and small, for their part in bringing us to this point,” she said.

“Dr Ferdinand pleaded the case for a walk-in vaccination cooler so passionately. We were inspired by her,” she said. “Now here we are!”

“Our significant donors are recognized on this beautiful plaque that is about to be unveiled. It truly has been a collaborative effort and a wonderful journey for us all,” said Lewis.

Acting Senior Medical Officer of Health (South), Dr Cheryl McCollin, spoke on the importance of having this medical equipment and what it meant to the development of the health sector in Barbados.

“On April 29, the World Health Organisation indicated that the America’s region had become the first in the world to be declared free of endemic rubella. This follows the successful elimination of measles and we are also currently working assiduously towards eliminating polio as well. So we are going to be first all across the world, in all of these areas,” she said.

“So with the provision of the vaccine walk-in cooler, it is a major milestone that strengthens our ability to meet this objective by providing added security for our national vaccine stock,” said Dr McCollin.



From right: BIBA President and Managing Director of Argentum Asset Management, Andrew Alleyne; BIBA 1st Vice President and President and CEO of Brookfield International Bank, Gregory McConnie; BIBA Ex-Officio and Managing Director of Tricor Caribbean, Connie Smith; Manager of Offshore Banking at Scotiabank, Lana Fingall; and Attorney-at-law and Partner at Clarke Gittens Farmer, Gillian Clarke, posing next to the back up generator.

She went on to say that the security of the vaccines is also greatly enhanced with the provision of a back-up generator.

“One of the major threats of the integrity of vaccine stores is a prolonged disruption of electricity supply,” she said. “This could occur, for example, during a national disaster like a hurricane. Therefore an alternative power supply permits the vaccines to remain at the correct temperature for a considerable length of time thus eliminating this risk,” said the senior medical officer.

“International business companies contribute large sums of money to local charities and these contributions may not be recognized because the companies do not wish the publicity,” said Alleyne.

“However, this event today is recognizing what the members of BIBA and the BIBA Charity do every day, every month and every year for Barbados,” he said, adding that special thanks must go to the supplier of the medical equipment, Rayomed, who also donated additional equipment to the Ministry of Health and to the Polyclinic. ■

Save THE Dates

Networking Mingle
August 28th, 2015



International Business Week
October 4th - 10th



Networking Mingle
November 27th, 2015



Holiday Cocktail Party
December 11th, 2015



IB Week 2015

The dates of International Business week are now set and the events are as follows:

Sunday, October 4th, 2015

Church Service – St Barnabas Church, St Michael at 9:15 a.m.

Community Service venture – 4 p.m.

Tuesday, October 6th, 2015

Schools Symposium – Lloyd Erskine Sandiford Centre, Two Mile Hill, St. Michael at 8:30 a.m.

Public Discussion Forum – Errol Barrow Centre for Creative Imagination, UWI, Cave Hill, St Michael at 7 p.m.

Wednesday, October 7th, 2015

Careers Showcase – Guild Lawn, UWI, Cave Hill from 1 p.m. to 6 p.m.

Thursday, October 8th, 2015

International Business Conference (Day 1) – The Hilton Barbados, Needhams Point, St Michael at 8 a.m.

Friday, October 9th, 2015

International Business Conference (Day 2) – The Hilton Barbados, Needhams Point, St Michael at 8 a.m.

Saturday, October 10th, 2015

BIBA Charity 5-km Fun Walk/Run – 4 p.m.

NB: This year's sponsorship package for IB Week 2015 is now available. Please email biba@biba.bb for more details.



Barbados International Business Association
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