

Quantas going after Bahamas, Trinidad market

Strategy outlined as company makes official launch

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THREE months after launching its first product, Quantas Advantage, the country's newest financial entity, Quantas Financial Group is casting its eyes on similar opportunities in other markets in the region.

The entity, which started operating in mid-2022, but launched the Quantas Advantage product three months later in October "to transform the market for receivables and other contractual cash flows in the Caribbean", said it will be entering two new markets in the near future.

Dr Adrian Stokes, CEO of Quantas Financial Group, told the Jamaica Observer that the

company will be looking to go after the larger markets in the region which present similar opportunities to Jamaica.

"We are a regional business. We have launched in Jamaica. We will be rolling out in other markets in the region. We will be looking at the larger countries. [The Bahamas is a country that we're looking at. Trinidad is also ideal for some of the solutions," stated Stokes.

He said Quantas Financial will seek to enter those two markets within the next twelve months. The Dominican Republic is also a target but the timeline to enter that market is less certain, Stokes indicated.

"Trinidad has a lot of potential, if you think about it, their GDP [gross domestic product] is twice that of Jamaica, so if we do an average transaction of US\$2 million to US\$4 million

in Jamaica, we could do multiples of that in Trinidad," Stokes told the Caribbean Business Report.

Last October, in an exclusive interview with the Jamaica Observer after the launch of the Quantas Advantage product, Stokes and his chairman, former Scotia Group CEO Jacqueline Sharp, said the market for contractual cash flows in Jamaica is conservatively estimated at US\$4 billion (\$600 billion). Trinidad, Stokes noted, is much larger, though he didn't divulge an estimate.

The Quantas CEO was speaking on the sidelines of the official launch ceremony for the company on Wednesday at the Jamaica Pegasus hotel in St Andrew.

"Quantas was created to solve two material problems in the Caribbean," Stokes told



Prime Minister of Jamaica Andrew Holness greets CEO of Quantas Financial Group Dr Adrian Stokes and Chairman Jacqueline Sharp at the official launch ceremony for the new financial service provider at the Jamaica Pegasus hotel on Wednesday, January 11, 2023. (Photos: Joseph Wellington)

the audience in his presentation. "During my previous employment, my colleagues and I recognise these two issues." (Stokes, a financial economist by training, last worked at the Scotia Group where he was the senior vice-president and head of insurance and wealth, resigning last January.)

"The first problem that we encountered was a limited opportunity to truly diversify portfolios, and we saw that... in my previous employment. So while we had the traditional bonds, cash, the equity markets, the real estate market [and so on], beyond those traditional offerings, we found that the opportunity to truly diversify, to produce quality, risk adjusted returns was limited. So that's the first problem. The other problem that we encountered was [that] businesses are not just seeking flexible capital, they're also seeking intelligent capital, but most importantly, trusted capital. And that's why we created Quantas to solve these two material problems in the Caribbean."

Quantas is an alternative asset management business which Stokes said does more than offer investors an opportunity to diversify their portfolios, "but our alternative asset management solutions create opportunities for businesses to be in touch with flexible capital...that can be trusted."

Noting that Quantas will apply "a very transparent investment process", Stokes, who was also a former lecturer in economics at The University of the West Indies, Mona, launched into teaching mode in his presentation, outlining the

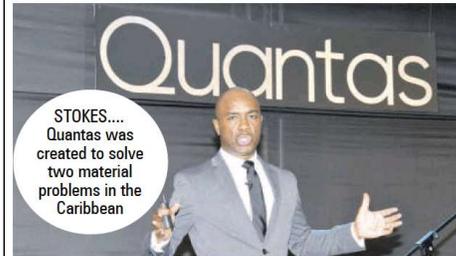
inflationary problem facing the United States and the impact it will have on economic activity in the world's largest economy and, by extension, Quantas' investment decisions.

"We have calculated the probability of a recession in the US this year and it comes out at 38 per cent. That number is actually quite similar to the probability that we saw in 2008, the last time that we had a major recession in the US... For Quantas that then guides how we see the world and how we are making investment decisions. We believe the Fed will raise [interest rates] higher than current market consensus. We also believe that there will be a slowdown in the US."

He said given those two issues, Quantas will be avoiding businesses or risks that are exposed to the business cycle, meaning, the company will be investing in assets that are likely to not be affected by a recession "and importantly, we want to be liquid in this environment."

"Our target audience right now are institutional investors and accredited investors. Pretty much sophisticated investors because of the type of opportunities that we are bringing to market, we require investors who are fairly knowledgeable about risk."

"We want to ensure that when people invest, they understand what they're investing in, and therefore we have chosen to target sophisticated investors, in other words, persons who can understand the risk of the various investment options that we will bring to market," he concluded.



STOKES... Quantas was created to solve two material problems in the Caribbean

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