



**Bond Recommendations**

**Low Risk:** Overweight (2027s & 2028s)

**Moderate Risk:** Overweight (2030s & 2032s)

**High Risk:** Overweight (2035)

**Bond Term Summary:**

<b>Issuer</b>	Barita Investment Limited
<b>Tenor</b>	2 to 10 Years
<b>Initial Price (Par)</b>	\$100.00
<b>Collateral</b>	Unsecured
<b>Use of proceeds</b>	<ul style="list-style-type: none"> <li>• Refinancing existing debt</li> <li>• Fund strategic asset acquisition.</li> <li>• Support trading of securities</li> <li>• Strengthen liquidity totalling.</li> <li>• Support investment banking deal execution</li> </ul>

Tranche	Currency	Tenor	Cpn Rate
I	USD	2 years	7.00%
II	USD	3 years	7.50%
III	JMD	2 years	9.75%
IV	JMD	3 years	10.00%
V	JMD	5 years	10.50%
VI	JMD	7 years	10.75%
VII	JMD	10 years	10.90%

**Issuer Summary & Thesis:**

Barita Investments Limited, established in 1977 and headquartered in Kingston, Jamaica, is one of the oldest licensed brokerage firms in the country. Originally focused on traditional stockbroking services, Barita has since transformed into a full-service investment house, offering asset management, investment banking, and capital markets solutions. Under new leadership and ownership since 2018, the company has pursued an aggressive growth strategy, including capital raises, regional expansion, and innovation in financial products and services. Its operations are focused on wealth creation and preservation for clients through a range of investment vehicles, from unit trusts and fixed income to equity trading and private equity.

**Economic Overview & Credit Rating:**

**Jamaica (S&P: BB-/Positive)**

Jamaica's economy is showing signs of strengthening, with institutions improving, leading to better public finances and more economic stability. The country has demonstrated resilience to shocks, as evidenced by its response to a recent hurricane. After an expected recession in 2024, renewed GDP growth and improved budget balances are projected for 2025. This positive outlook is supported by a commitment to prudent public sector finances and debt reduction, along with the implementation of key reforms such as the modernization of the central bank.

However, Jamaica faces challenges including vulnerability to external shocks, such as weather-related events, which can impact sectors like tourism and agriculture. The economy is also constrained by issues like high crime rates, low productivity, and perceived corruption. Despite these challenges, the government has made reforms to support diversification and economic growth, and the country's debt-to-GDP ratio has been falling.

**CariCRIS: CariBBB+/CariA- (Stable)**

On December 5, 2024, CariCRIS assigned initial issuer/corporate credit ratings to Barita Investments Limited, with ratings of CariBBB+ (Foreign Currency Rating) and CariA- (Local Currency Rating) on the regional scale, and jmA (Foreign Currency Rating) and jmA+ (Local Currency Rating) on the Jamaica national scale, along with a stable outlook.

This outlook is based on the expectation that Barita will sustain its strong position in the growing Jamaica securities sector. CariCRIS anticipates that the company will maintain adequate capitalization, and good asset quality and liquidity, with profitability likely to improve over the next 12 to 15 months, driven by income growth.

**Financial Performance:**

\$000s	30-Sep-20	30-Sep-21	30-Sep-22	30-Sep-23	30-Sep-24
Revenue	5,213,969	8,116,262	8,951,733	9,094,148	9,997,974
EBIT	3,988,380	6,490,223	7,907,076	10,150,959	12,000,530
Net Profit	2,758,529	4,058,597	4,221,262	3,415,000	3,815,649
Total Assets	70,691,213	90,209,025	109,700,695	128,194,641	142,315,049
Total Liabilities	43,210,533	53,962,709	77,517,217	92,808,038	107,012,469
Current Ratio	31.01%	62.77%	38.79%	26.73%	10.22%
Debt to Capital	2.23%	2.82%	34.82%	40.25%	46.65%
Debt to Assets	2.18%	2.74%	25.82%	28.70%	31.81%
Interest Coverage Ratio	4.52x	4.74x	2.97x	1.82x	1.72x
EBIT Margin	76.49%	79.97%	88.33%	111.62%	120.03%
Net Profit Margin	52.91%	50.01%	47.16%	37.55%	38.16%
Revenue Growth	31.01%	55.66%	10.29%	1.59%	9.94%
Net Profit Growth	61.06%	47.13%	4.01%	(19.10%)	11.73%
Asset Growth	72.40%	27.61%	21.61%	16.86%	11.01%

**SWOT Analysis:**

<p><b>Strengths:</b></p> <ul style="list-style-type: none"> <li>Barita has a history of good financial performance, characterized by healthy profitability metrics.</li> <li>The company has a strong capitalization with regulatory capital adequacy ratios (CAR) in excess of the Jamaica Financial Services Commission (FSC) minimum regulatory requirement.</li> <li>The company has diversified its revenue streams by expanding the range of financial products and services it offers, which provides some resilience against shocks to a single line of business.</li> </ul>	<p><b>Weaknesses:</b></p> <ul style="list-style-type: none"> <li>Barita's funding base is concentrated in repurchase agreements (repos), which exposes the company to refinancing risks.</li> <li>There is a concentration risk given the company's significant exposure to the Jamaican economy.</li> </ul>
<p><b>Opportunities:</b></p> <ul style="list-style-type: none"> <li>Barita has the opportunity to further diversify its funding base to reduce the risk of short-term maturity mismatches.</li> <li>The continued improvement in Jamaica's economic activity is expected to support the company's stable asset growth.</li> </ul>	<p><b>Threats:</b></p> <ul style="list-style-type: none"> <li>Jamaica's economic growth may be tempered by continued geopolitical tensions and global financial market volatility.</li> <li>Intense competition in the financial services sector could put pressure on Barita's market share and profitability.</li> </ul>

**Conclusion:**

The bond series offered by Barita Investment Limited gives investors the opportunity to of various risk appetites that ability to take advantage of attractive bond yields across a range of maturities. Additionally, as the Jamaican economy is projected to improve the performance of Barita is expected to become more robust.

However, it should be noted that these bond are not backed by any collateral and as such carry a greater level of risk. Additionally, the performance of the Jamaican economy is vulnerable to trade wars, international conflicts, and adverse weather conditions such hurricane, all of which can indirectly impact Barita's performance.

As such these are the following recommendations:

**Low Risk: Overweight (2027s & 2028s)** – These bonds have a relatively short maturity, while still offering an attractive yield from an investment grade rated institution.

**Moderate Risk: Overweight (2030s & 2032s)** – These bonds offer an attractive yield for their tenor.

**High Risk: Overweight (2035)** – The yield offered by this bond is attractive for this tenor.