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The 50-30-20 Rule

By **Sonia Mahendra***

Have you ever wondered what is the best way to manage your finances? There are various methods and online tools out there to help you but today we would like to

introduce you to a simple method called the 50-30-20 rule.

What is the 50-30-20 rule? In a nutshell: 50% represents your needs, 30% represents your wants and 20% represents your savings.

Here is a guide you can use to start implementing this technique to manage your money on a daily basis.

1. **50% for needs** - Allocate 50% of your income to your basic necessities. Basic necessities are things that you cannot live without, such as rent, mortgages, bills, food, healthcare, insurance and/or education. Do not include in this list things that you consider as commodities, such as holidays, outings, or memberships/subscriptions. If you are using more than 50% of your income on basic necessities you should consider making some changes to your lifestyle to be able to accommodate your needs in these 50%, such as moving to a smaller house or using public transportation instead of taking the car.
2. **30% for wants** - These 30% represent what you can spend to make your life more comfortable, or to fulfill your dreams. Save-up an amount for your holidays, pay for your Netflix subscription, go out dining with friends or family. Though these are not your absolutely essential needs, they are things that you choose to spend your money on. A good question to ask yourself is "Can I live without this?" and if your answer is "Yes" then most probably you should categorize it as a "want".
3. **20% for savings** - Although the smallest this is the category you don't want to compromise on. If you want to build a successful path towards financial freedom you want to be able to pay your debts as quickly as possible and start saving money. The goal is to gradually reduce the amount you use from these 20% to pay your debts and convert them into your savings.

Follow the steps below to start putting the 50-30-20 rule into action:

1. Start with your income after deducting all taxes.
2. Calculate and try to categorize your expenses from the previous month into the three categories you learnt about: wants, needs and savings.
3. Evaluate your expenses and see how much you are currently spending in each category and how aligned you are with the goal.
4. Make any necessary adjustments to your budget for this month and upcoming months to make sure you are following the 50-30-20 rule.

On a final note keep in mind that what works for one doesn't work for all. The 50-30-20 rule is a good budgeting method to start applying which will help you understand what your financial situation currently is and how you can achieve your goals. Ultimately you have to decide what method works best for you based on your circumstances and

reality.

“Do not save what is left after spending but spend what is left after saving” - Warren Buffet

Skill Box Team

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RSM Mozambique Launches its CSR Portfolio: RSM Empower

By **Julia Wood Dos Santos***

RSM Mozambique believes that the path to true development in Mozambique can be found through harnessing the potential of the country's youthful population and by engaging women in impactful ways.

With this foundational belief, RSM Mozambique is pleased to announce the launch

of its newly re-designed Corporate Social Responsibility (CSR) policy and portfolio: RSM Empower.

RSM Empower is the company's commitment to improving economic, social, and environmental conditions for women and young people in Mozambique. The company's vision with this initiative is to continue playing a role in the holistic development of the middle market economy in Mozambique by creating inclusive opportunities that promote female voices and equip young people with the power of hope.

Through **RSM Empower**, RSM can continue investing in these key populations to ensure that their skills, energy, and ideas are acknowledged and integrated into the company's end-products. RSM is confident about the return that this investment can bring, not only for its clients, but also for its corporate structure and for its communities.

RSM Empower is defined by 3 Pilot programming initiatives. These programming initiatives were designed based on internal and external consultations regarding what we aim to achieve through this investment. In accordance with the best international practices, RSM Empower includes monitoring and evaluation components to ensure that each individual programming stream is on track to meet its particular objectives as well as the objectives of RSM Empower more broadly. Accordingly, these streams include:

- **Youth Empowerment:** On-going implementation and improvements to our signature Jovens Talentos programme where we hire, train, and mentor recent Mozambican graduates to take part in our Audit, Tax, Legal, HR, Advisory, and Development Consulting service lines.
- **Women Empowerment:** Continual engagement with the UN Women's Empowerment Principles Community (WEPs) in which our team participates in campaigns and strategies that promote female advancement and safety in the workplace.
- **Women and Youth Empowerment:** Sponsorship of Casa Madre Maria Clara in Maputo (an orphanage that supports at-risk girls) through outreach and on-going programming to support their studies.

RSM is pleased to be a leader in Mozambique's growing Corporate Social Responsibility movement. The company invites other private sector actors to join them in this initiative through the development of clear, actionable policies and programming that will impact staff members and Mozambican communities alike.

*Development Consulting Manager | RSM Mozambique

Mozambique Financial Markets

By Banco BiG Mozambique*

The Inflation in Mozambique has registered a slowdown for the fourth consecutive month, rising only 10,91% in December. The food and non-alcoholic beverages sector have contributed positively with the monthly variation in 1,22 PP. The monthly inflation was 1,35%, rising from 9,43% in November to 10,91% in December. According to the Statistical Institute (INE), Inhambane has been leading, in pricing increase with a 12 month average inflation of approximately 11,62%, followed by Quelimane with 11,61%, Chimoio with 11,30%, Nampula with 11,05% and Beira with 10,32%.

Inflation				
Date	Inflation	Average in 12 Months	Monthly	Cumulative
dec/22	10.91%	10.28%	1.35%	10.91%
nov/22	11.25%	9.97%	0.58%	9.43%
oct/22	11.83%	9.64%	0.19%	8.80%
sep/22	12.71%	9.23%	0.62%	8.59%
aug/22	12.96%	8.72%	0.59%	7.92%
jul/22	12.71%	8.15%	0.74%	7.29%
jun/22	11.49%	7.61%	0.74%	6.50%
may/22	10.07%	7.19%	0.87%	5.72%
apr/22	8.36%	6.87%	1.36%	4.80%
mar/22	6.65%	6.72%	0.86%	3.40%
feb/22	6.62%	6.73%	0.50%	2.52%
jan/22	7.79%	6.68%	2.01%	2.01%

Source: National Institute of Statistics of Mozambique

SECONDARY MARKET

BVM – Shares

During January, the stock market has been marked by a low demand, only registering transactions in CDM, HCB and Tropigalia, whereby the CDM shares registered an appreciation of 20.7% closing in MZN 70,00/share. The HCB shares on the other hand have registered a depreciation of 14.9%, closing at MZN 2,00/share. The recently admitted Tropigalia shares, registered an appreciation of 4,2% (closing the month at MZN 125/share).

Shares	Price	Volume (MZN)	Δ Weekly	Monthly	Δ YTD
CDM	70.00	105,146.25	0.0%	20.7%	20.7%
HCB	2.00	118,195.30	-4.8%	-14.9%	-14.9%
CMH	2,100.00	957,600.00	0.0%	0.0%	0.0%
EMOSE	17.00	680.00	0.0%	0.0%	0.0%
TROPIGALIA	125.00	470,000.00	0.0%	4.2%	0.0%

The table above shows the shares with higher transaction volume over the last (6) six months.

BVM – Bonds

During January on the secondary market, around MZN 1.664 million were transacted in treasury bonds 2023 (10x higher compared to the corresponding period last year).

Treasury Bonds

Bonds	Current Coupon	Type of Coupon	Next Coupon	Maturity	Yield
OT Suppliers 2019	7.56%	Inflation + 0.5%	29-jul-23	29-jan-29	20.52%
OT 2020 S3	17.06%	BT's + 1.50%	11-mar-23	11-mar-23	17.47%
OT 2020 S10	17.06%	BT's + 1.50%	07-apr-23	07-oct-24	18.52%
OT 2021 S1	16.94%	BT's + 1.50%	10-feb-23	10-feb-25	18.83%
OT 2021 S2	16.75%	BT's + 1.25%	24-feb-23	24-feb-26	19.79%
OT 2021 S4	17.63%	BT's + 1.00%	21-apr-23	21-apr-26	19.94%
OT 2021 S8	16.31%	BT's + 0.75%	22-mar-23	22-sep-25	19.40%
OT 2021 S10	14.50%	Fixed	10-may-23	10-nov-25	19.52%
OT 2022 S1	14.50%	BT's + 1.00%	09-feb-23	09-feb-27	20.67%
OT 2022 S3	15.25%	BT's + 1.75%	09-mar-23	09-mar-30	20.40%
OT 2022 S7	17.75%	Fixed	10-feb-23	10-aug-26	20.22%
OT 2022 S9	17.75%	Fixed	21-mar-23	21-sep-25	19.40%
OT 2022 S10	19.00%	Fixed	23-may-23	23-nov-26	20.52%

MOZAM (USD)	5.00%	Fixed	15-mar-23	15-sep-31	12.20%
Corporate Bonds					
Bonds	Current Coupon	Type of Coupon	Next Coupon	Maturity	Yield
Bayport 2019 S1	20.00%	Fixed	12-apr-23	12-apr-24	20.69%
Bayport 2019 S2	19.00%	Fixed	21-apr-23	21-oct-24	21.02%
Bayport 2020 S1	16.00%	Fixed	27-mar-23	27-mar-25	21.30%
Bayport 2020 S2	21.53%	BT's + 6.00%	30-mar-23	30-mar-25	21.30%
Bayport 2021 S1	22.15%	BT's + 4.50%	21-may-23	21-may-26	22.03%
Bayport 2021 S2	19.93%	BT's + 4.50%	26-jul-23	26-jul-26	22.14%
Bayport 2021 S3	19.93%	BT's + 4.50%	27-jul-23	27-jul-25	21.51%
Bayport 2021 S4	20.03%	BT's + 4.50%	16-mar-23	16-sep-26	22.23%
Visabeira 2020	23.00%	FPC + 4.75%	23-mar-23	23-mar-26	-

Source: Mozambique stock market and Banco BiG Mozambique, S.A

Total Transactions on the Secondary Market

During January 2023 in the secondary market, around MZN 1.666 million were transacted (11x higher than the amount transacted in the corresponding period last year). 2022 was marked as the year with the most number of transactions since the Mozambican stock market establishment.

*Investment Banking

News

Mozambique Will have an Insurance Cover against Natural Disasters

Source: O País



The President of the Republic of Mozambique has informed that the insurance company that will provide insurance cover against the harmful effects of climate change has already been selected. According to Filipe Nyusi, this measure will allow the country to be prepared to respond to emergencies and ensure better financial capacity for a quick assistance.

This information was disclosed by the president on Monday, during the national disaster's risk and climate change management award.

This is the first edition of the national prize, which aims to show the appreciation of the social actors, who stand out for their positive actions to protect the environment.

For the President, the existence of an insurance cover against calamities is an act of innovation that must be taken seriously by several actors in society, because it will allow the existence of capacity to rebuild the damaged patrimony during this catastrophic period.

"At this time, under the disaster and resilience, tropical cyclones and precipitation risk management program, the Government in partnership with the World Bank has already hired an insurer to provide an insurance cover against natural disasters, cyclones and precipitation. Of course, this process will require changing the existing legislation in the country," said Nyusi.

Filipe Nyusi noted that the Government cannot respond promptly to all needs, even with the help of donors, therefore "the existence of a fund that can increase the capacity of

the country to prevent and/or respond promptly as well as reducing the number of human victims and assets is strongly important".

Without diving into details of the selected insurer, the award-winner, invited the private sector to support this initiative in order to reduce the impacts of natural disasters as well as embrace and turn this a market tendency (for the insurance companies) following, however, the best practice and transparency, serving the general interests and not use this opportunity to take advantage of moment.



Did you know?

The Pension Fund pays Benefits upon the occurrence of the following events:

- Retirement.
 - Resignation.
 - Death – Paid to appointed beneficiaries.
-

Post of the Month



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Our Values

Speed, Freedom and Responsibility, Trust, Empathy and Innovation.

Carlyle Partners is an insurance advisory brokerage specialized in Health, Life and Pensions, licensed under the Insurance Supervision Institute of Mozambique (ISSM).

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