

Carlyle Partners

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Understanding the importance of investment managers

By Alberto Pitoro*

In the last issue, we mentioned that one of the advantages of using specialized fund managers was, among others, the reduction of transaction costs. In fact, collecting and processing information about products and instruments, which is an essential input for investment decisions, identifying counterparties, trading, placing buy and sell orders, among other activities, entail costs that can make the management of a small portfolio unfeasible on an individual basis.

Even so, the use of fund managers is also associated with some costs to the investor that must be considered - portfolio management and asset administration costs (custody, registration, legal, etc.). It is in the investor's interest to ensure that these costs are as low as possible by analyzing, comparing and evaluating what different fund managers require, relative to the level of service provided and the objectives of the investment itself.

In some cases, fund managers apply fixed costs. In others, the structure adopted is mixed, with a fixed (minimum) cost component and another, variable, depending on the value of the assets under management and/or also in function of the degree of achievement of the investment objectives agreed upon, in particular the minimum levels of return. The application of a mixed structure, especially when higher fees are charged only when minimum performance levels are met, can be beneficial to the investor, as it establishes incentives for the fund manager to strive to achieve the best possible results.

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Market Intelligence

By Absa Bank Mozambique

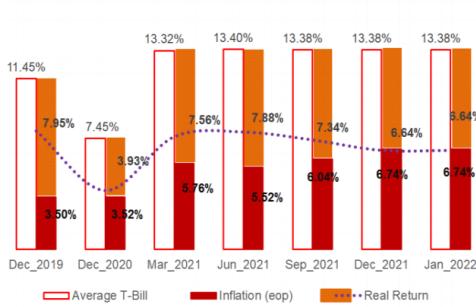


Macroeconomic Indicators

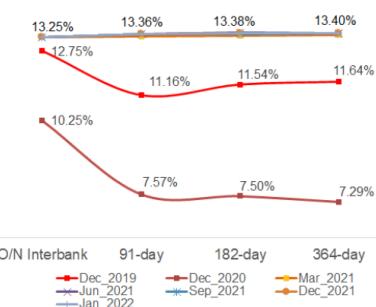
Source: Central Bank, INE, MEF, Absa Research

	2018	2019	2020	2021F	2022F	2023F	2024F
Real GDP (% y/y)	3.3	2.2	-1.3	1.9	3.7	4.6	5.2
GDP (USD bn)	14.8	15.3	13.9	15.0	17.0	17.9	17.8
Current Account Balance (% GDP)	-30.3	-19.7	-27.7	-30.7	-31.7	-32.7	-34.6
Fiscal Balance (% GDP)	-5.3	-0.2	-10.8	-8.6	-7.8	-5.9	-5.0
Public Debt (% GDP)	110.0	100.3	114.2	116.7	116.2	117.9	121.4
CPI (% Dec/Dec)	3.5	3.5	3.5	5.1	4.8	6.1	5.9
CPI (p avg.)	3.9	2.8	3.1	5.4	4.3	5.6	5.9
Policy Rate (MIMO, % eop)	14.25	12.75	10.25	13.25	13.75	14.75	15.25
USD/MZN (eop)	61.63	61.64	74.60	65.10	69.20	71.20	70.00
USD/MZN (avg)	60.34	62.43	69.87	65.14	67.66	70.45	70.21
	Q3 21	Q4 21F	Q1 22F	Q2 22F	Q3 22F	Q4 22F	Q1 23F
CPI (% y/y, eop)	6.0	5.1	3.7	4.1	4.1	4.8	5.5
Policy rate (%, eop)	13.25	13.25	13.75	13.75	13.75	13.75	14.75
	Spot	Q4 21F	Q1 22F	Q2 22F	Q3 22F	Q4 22F	Q1 23F
USD/MZN	63.93	65.10	66.13	67.15	68.18	69.20	69.70
ZAR/MZN	4.07	4.27	4.27	4.28	4.29	4.33	4.32

Yield Curve



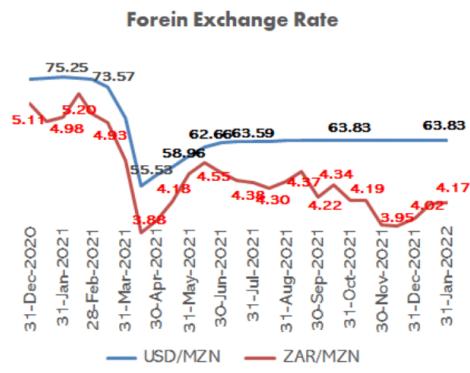
Yield Curve



Note: Inflation for Jan 2022 still the one as of Dec 2021

Source: Bank of Mozambique, INE

Source: Bank of Mozambique



Note: FX rate as of 27 Jan 2022

Source: Bank of Mozambique

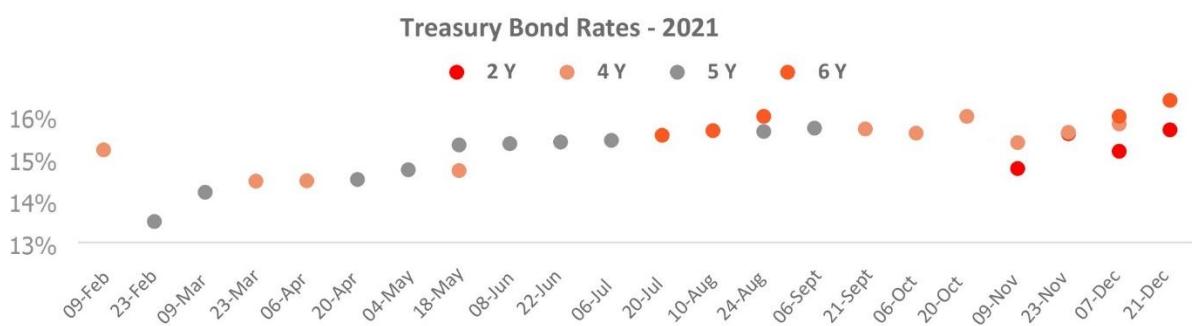
Financial Markets

By Banco BiG Moçambique*



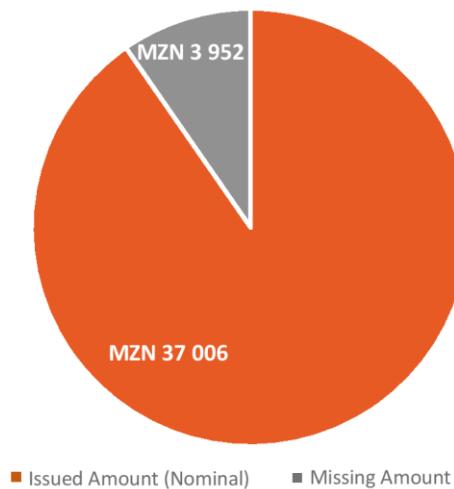
Primary Market

In the medium and long-term bond market, two Treasury Bonds auctions were held in December, and in both auctions were reissued Bonds with 2 years (OT 2021 S9), 4 years (OT 2021 S8) and 6 years (OT 2021 S6) maturities. The rates in both auctions were: 14,67% and 15,18% for OT 2021 S9; 15,32% for OT 2021 S8; 15,50% and 15,88% for the OT 2021 S6. Investors' demand fell short of expectations, which was to raise more than MZN 9.3 billion in both auctions (raising only MZN 2.9 billion).



In 2021 the Treasury Department has managed to raise MZN 37 billion with treasury bonds, MZN 3.9 billion less than expected on the government budget (MZN 40.9 billion). In 2022, the treasury bonds are expected to raise more than MZN 53 billion, around MZN 12 billion more than 2021.

Treasury Bonds 2021 - Millions MZN



Estimate according to the 2021 State Budget.

Secondary Market

BVM – Shares

In the stock market, the HCB, CDM and CMH shares, registered more transaction volume in the secondary market, respectively: MZN 327 thousand, MZN 203 thousand e MZN 192 thousand. Some of the shares for these actions have increased considerably, whereby the CDM shares increased to MZN 50/share (85,1% increase), HCB shares increased to MZN 3/share (50% increase), and the shares for EMOSE increased in MZN 20 / share (11,1% increase). CMH shares registered a depreciation to MZN 3.000/share (-9%).

Shares	Price	Volume	Δ weekly	Δ Monthly	Δ YTD
CDM	50,00	203.828,66	0,00%	85,12%	-37,50%
HCB	3,00	327.205,76	-2,91%	50,00%	0,00%
CMH	3.000,00	192.000,00	0,00%	-9,09%	-18,92%
EMOSE	20,00	31.420,00	0,00%	11,11%	46,52%
ARKO SEG.	1.250,00	0,00	0,00%	0,00%	25,00%

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

BVM -Bonds

Treasury Bonds

Treasury Bonds	Current Coupon	Type of Coupon	Next. Coupon	Maturity	Yield
OT 2019 S5	14,94%	BT's + 1.50%	10-apr-22	10-apr-22	13,61%
OT 2019 S9	12,00%	Fixed	12-jun-22	12-jun-22	13,68%
OT Providers 2019	4,06%	Inflation + 0.5%	29-jan-22	29-jan-29	16,69%
OT 2020 S1	14,94%	BT's + 1.50%	12-feb-22	12-feb-23	13,99%
OT 2020 S10	14,94%	BT's + 1.50%	07-apr-22	07-out-24	14,74%
OT 2021 S1	10,00%	BT's + 1.50%	10-feb-22	10-feb-25	14,89%
OT 2021 S2	13,00%	BT's + 1.25%	24-feb-22	24-feb-26	15,36%
OT 2021 S4	14,00%	BT's + 1.00%	21-apr-22	21-apr-26	15,43%
OT 2021 S5	14,25%	BT's + 0.75%	09-jun-22	09-jun-26	15,49%
OT 2021 S7	14,25%	BT's + 0.75%	08-mar-22	08-sep-25	15,15%
OT 2021 S8	14,00%	BT's + 0.75%	22-mar-22	21-jul-27	16,00%
OT 2021 S9	14,00%	BT's + 0.25%	10-may-22	10-nov-23	14,32%
OT 2021 S10	14,50%	Fixed	10-may-22	10-nov-25	15,23%
MOZAM (USD)	5,00%	Fixed	15-mar-22	15-sep-31	9,91%

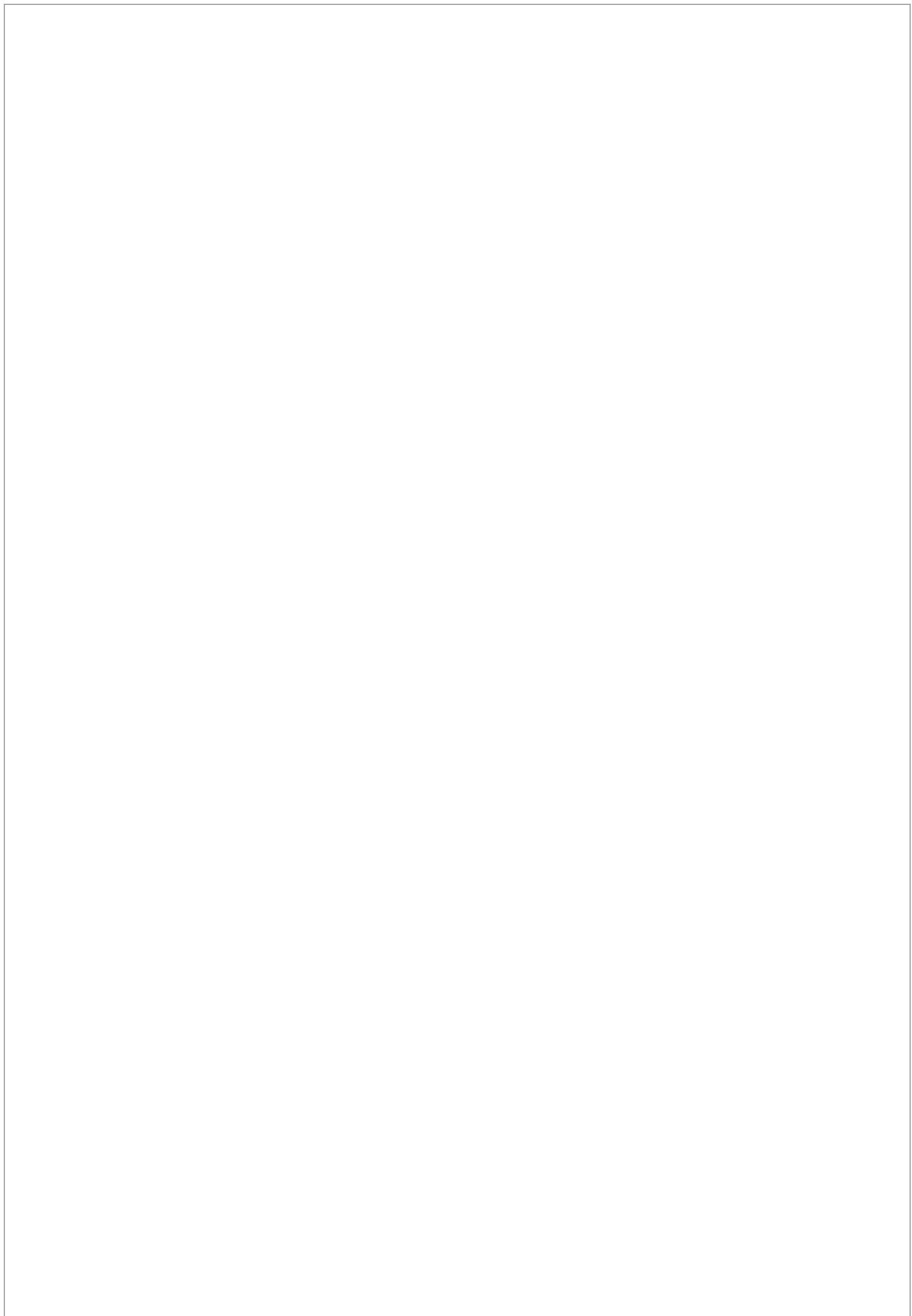
Corporate Bonds

Bonds	Current Coupon	Type of Coupon	Next. Coupon	Maturity	Yield
Bayport 2019 S1	20,00%	Fixed	12-apr-22	12-apr-24	17,17%
Bayport 2019 S2	19,00%	Fixed	21-apr-22	21-out-24	17,47%
Bayport 2020 S1	16,00%	Fixed	27-mar-22	27-mar-25	17,72%
Bayport 2020 S2	19,40%	BT's + 6.00%	30-mar-22	30-mar-25	17,73%
Bayport 2021 S1	17,88%	BT's + 4.50%	21-may-22	21-may-26	18,39%
Bayport 2021 S2	18,00%	BT's + 4.50%	26-jan-22	26-jul-26	18,49%
Bayport 2021 S3	18,00%	BT's + 4.50%	27-jan-22	27-jul-25	17,92%
Bayport 2021 S4	18,00%	BT's + 4.50%	16-mar-22	16-sep-26	18,57%
BNI 2019 S1	16,00%	MIMO + 2.75%	30-jan-22	30-jul-22	N/A

On the secondary market, around MZN 11,5 billion were transacted over 2021, 2 to 3 times more of the volume transacted in 2020 (MZN 5,57 billion) and 2019 (MZN 5,10 billion), showing a growth tendency, both in volume and numbers of transactions in each year.

The assets transacted on the secondary market are mostly treasury bonds with 97,2% of transactions, corporate bonds with 2,4%, and stocks with less 0,3% of transactions.

*Investment Banking



Post of the Month



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