

**Carlyle Partners**

Health - Life - Pensions

# CARLYLE PARTNERS MONTHLY NEWSLETTER

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# Decision-Making: The investor's burden

By **Alberto Pitoro\***

During the investment process, a couple of aspects need to be taken into consideration such as time and the investor's risk profile, combining it with the necessary diversification per asset class, location and other aspects, it makes us understand the level of complexity of the decisions that lie on the investor's shoulders.

Without diving into detail, we have stated the importance of having pension fund administrators and investment managers in the past, so that the investors can ensure sustained returns over the long term. Investment managers have access to various markets and reliable information, asset allocation systems and models and investment portfolio management, which for an individual investor would often be costly and difficult to obtain. In addition, investment managers also manage other investment portfolios, allowing them to be seen as large investors.

Therefore, through investment managers, institutional as well as individual investors may benefit from the following advantages: (i) Increase the asset diversification capacity, even with lower amounts to invest, while engaging with a single point of contact; (ii) Increase their bargaining power on financial markets (iii) Reduce the transaction costs, rates and commissions; (iv) Increase expected returns.

\*Head of Treasury | Absa Bank Mozambique

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## To Implement, or not, a Pension Fund?

By \*Nádia Nunes

As an insurance professional, I've come across several companies interested in implementing a pension fund benefit for their employees, only to stagnate mid-way. Sometimes decisions took so long that never happened.

I have also come across companies that were interested in implementing a pension fund 2-3 years ago, never implemented, and are still interested in implementing it (or finding more information about it). What comes to mind is, barring financial challenges, of course, what may be the impediments for such companies to implement the benefits for their employees? Processes and procedures? Paralysis by analysis? Lack of sufficient information may be the case, and that is okay. In those cases, seeking professional advisory is the best course of action.

In some cases, the employees are the more interested party in implementing a complementary retirement solution, however, given the limited to no availability of individual retirement solutions in the market, we normally propose implementing a company fund, but with no company contributions. In this case, the company is only

responsible for signing the agreement, deducting and allocating the contributions for the fund on behalf of the participating employees. No company contributions required.

Financial conditions permitting, the employer can always start contributing to the fund at a later stage.

\*Manager | Carlyle Partners

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# Market Intelligence

By Absa Bank Mozambique



## Macroeconomic Indicators

Source: Central Bank, INE, MEF, Absa Research

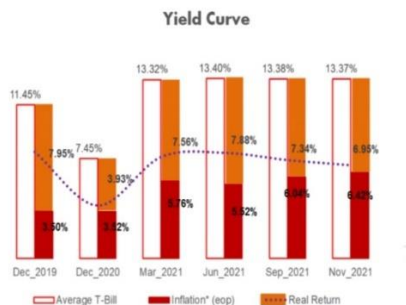
|                                 | 2018  | 2019  | 2020  | 2021F | 2022F | 2023F | 2024F |
|---------------------------------|-------|-------|-------|-------|-------|-------|-------|
| Real GDP (% y/y)                | 3.3   | 2.2   | -1.3  | 1.9   | 3.7   | 4.6   | 5.2   |
| GDP (USD bn)                    | 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  |

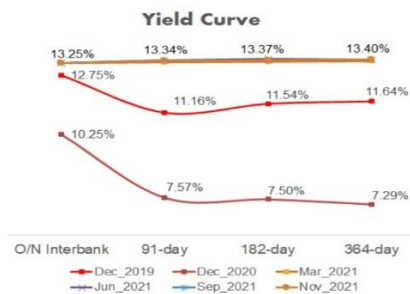
  

|         | Spot  | Q4 21F | Q1 22F | Q2 22F | Q3 22F | Q4 22F | Q1 23F |
|---------|-------|--------|--------|--------|--------|--------|--------|
| USD/MZN | 63.93 | 65.10  | 66.13  | 67.15  | 68.18  | 69.20  | 69.70  |
| ZAR/MZN | 4.07  | 4.27   | 4.27   | 4.28   | 4.29   | 4.33   | 4.32   |

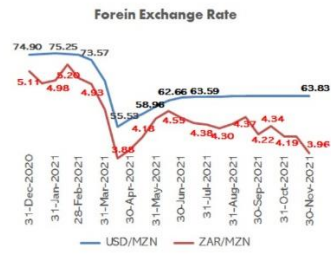


(\*) Nov 2021 reflects Oct 2021 data

Source: Bank of Mozambique



Source: Bank of Mozambique



Source: Bank of Mozambique

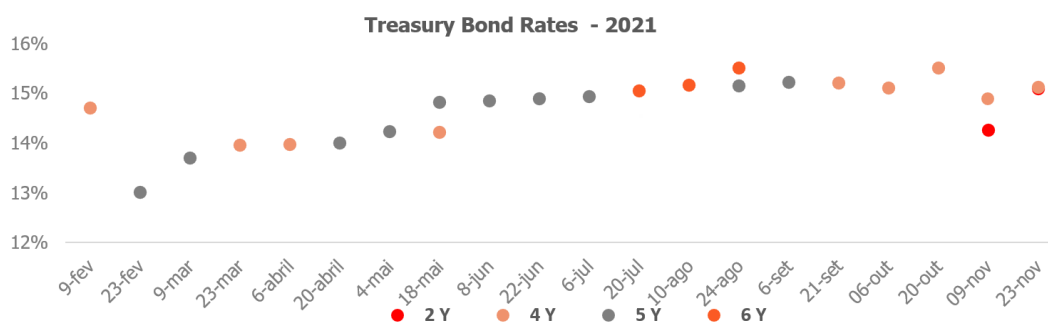
# Financial Markets

By Banco BiG Moçambique\*



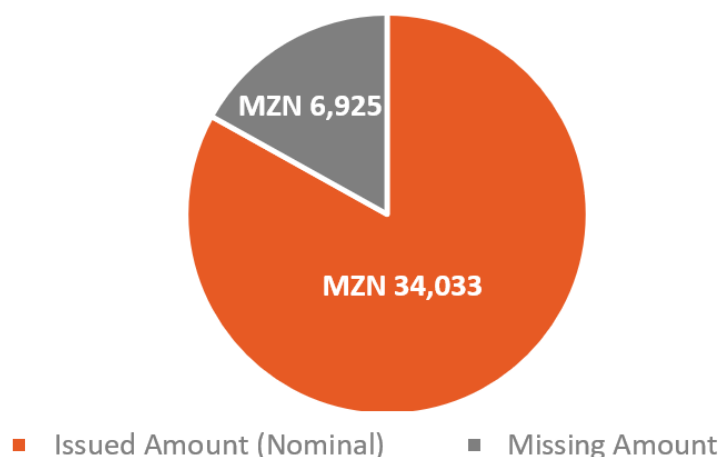
## Primary Market

Two Treasury Bond auctions took place in November in the medium and long term debt market. In Both auctions were issued TBs with 2 year maturity (OT 2021 S9) and 4 year maturity (OT 2021 S10). The verified rates in both auctions were OT 2021 S9 of 14.26% and 15.09% respectively, and of OT 2021 S10 14.88% and 15.12% on OT 2021 S10. Investor's demand fell short on the Treasury bond amounts, which was expected to raise a total of 7 billion MZN in the first auction (raising 2.6 billion MZN), and a total of 5.8 billion MZN in the second auction (having raised 515 million MZN).



Considering the amount expected to be raised in 2021, in line with the government Budget of 40.9 billion MZN, Treasury bonds of 6.9 billion MZN may still be issued within this year's last auctions.

**Treasury Bonds 2021 - Million MZN**



Estimate according to the 2021 State Budget.

## Secondary Market

Since last August, there has been a reduction in the volume of Treasury Bonds (OT) transactions. The volume of transactions in November reduced in -89% when compared with October (110 million MZN against 1,030 million MZN). The Corporate Bond transactions, have had a volume 17x higher than the previous month (158 million MZN against 9 million MZN).

### **Treasury Bonds**

| Bonds             | Current coupon | Coupon Type      | Next Coupon | Maturity  | Yield  |
|-------------------|----------------|------------------|-------------|-----------|--------|
| OT 2019 S5        | 14,94%         | BT's + 1.50%     | 10-abr-22   | 10-abr-22 | 13,66% |
| OT 2019 S9        | 12,00%         | Fixed            | 12-dez-21   | 12-jun-22 | 13,72% |
| OT Suppliers 2019 | 4,06%          | Inflation + 0.5% | 29-jan-22   | 29-jan-29 | 16,23% |
| OT 2020 S1        | 14,94%         | BT's + 1.50%     | 12-fev-22   | 12-fev-23 | 13,98% |
| OT 2020 S10       | 14,94%         | BT's + 1.50%     | 07-abr-22   | 07-out-24 | 14,60% |
| OT 2021 S1        | 10,00%         | BT's + 1.50%     | 10-fev-22   | 10-fev-25 | 14,73% |
| OT 2021 S2        | 13,00%         | BT's + 1.25%     | 24-fev-22   | 24-fev-26 | 15,12% |
| OT 2021 S4        | 14,00%         | BT's + 1.00%     | 21-abr-22   | 21-abr-26 | 15,18% |
| OT 2021 S5        | 14,25%         | BT's + 0.75%     | 09-dez-21   | 09-jun-26 | 15,23% |
| OT 2021 S7        | 14,25%         | BT's + 0.75%     | 08-mar-22   | 08-set-25 | 14,95% |
| OT 2021 S8        | 14,00%         | BT's + 0.75%     | 22-mar-22   | 21-jul-27 | 15,66% |
| OT 2021 S9        | 14,00%         | BT's + 0.25%     | 10-mai-22   | 10-nov-23 | 14,26% |
| OT 2021 S10       | 14,50%         | Fixed            | 10-mai-22   | 10-nov-25 | 15,01% |
| MOZAM (USD)       | 5,00%          | Fixed            | 15-mar-22   | 15-set-31 | 9,91%  |

## Corporate Bonds

| Bonds           | Current coupon | Tipo de Cupão | Next Coupon | Maturity  | Yield  |
|-----------------|----------------|---------------|-------------|-----------|--------|
| Bayport 2019 S1 | 20,00%         | Fixed         | 12-abr-22   | 12-abr-24 | 16,61% |
| Bayport 2019 S2 | 19,00%         | Fixed         | 21-abr-22   | 21-out-24 | 16,98% |
| Bayport 2020 S1 | 16,00%         | Fixed         | 27-mar-22   | 27-mar-25 | 17,29% |
| Bayport 2020 S2 | 19,40%         | BT's + 6.00%  | 30-mar-22   | 30-mar-25 | 17,30% |
| Bayport 2021 S1 | 17,88%         | BT's + 4.50%  | 21-mai-22   | 21-mai-26 | 18,11% |
| Bayport 2021 S2 | 18,00%         | BT's + 4.50%  | 26-jan-22   | 26-jul-26 | 18,24% |
| Bayport 2021 S3 | 18,00%         | BT's + 4.50%  | 27-jan-22   | 27-jul-25 | 17,53% |
| CM 2017         | 19,00%         | PRIME RATE    | 13-dez-21   | 13-dez-21 | N/A    |
| BNI 2019 S1     | 16,00%         | MIMO + 2.75%  | 30-jan-22   | 30-jul-22 | N/A    |

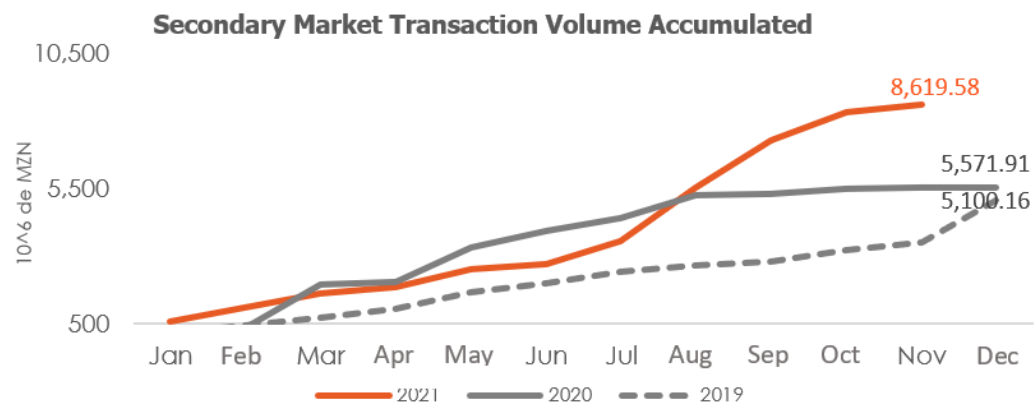
On the stock market, CMH shares transactions totalled 488,000 MZN and closed the month quoted at 3,300 MZN/share (+10,0%). Shares of HCB transacted around 432,000 MZN and closed the month quoted at 2.00 MZN/share (-4.76%). CDM share price registered the largest downfall, closing the month quoted at 27.01 MZN/share (-19.97%).

| Shares    | Price    | Volume     | Δ Weekly | Δ Monthly | Δ YTD   |
|-----------|----------|------------|----------|-----------|---------|
| CDM       | 27,01    | 282.551,94 | 5,92%    | -19,97%   | -66,24% |
| HCB       | 2,00     | 431.926,00 | 0,00%    | -4,76%    | -33,33% |
| CMH       | 3.300,00 | 487.900,00 | 10,00%   | 10,00%    | -10,81% |
| EMOSE     | 18,00    | 603,00     | 0,00%    | -10,00%   | 31,87%  |
| ARKO SEG. | 1.250,00 | 0,00       | 0,00%    | 0,00%     | 25,00%  |

The table above, shows the stocks with the highest transaction volume in the last six (6) months.

Still in the secondary market, the total amount of transactions was around 8.6 billion MZN in 2021, more than +54.7% compared to 2020 (5.5 billion MZN) and 2019 (5.1 billion MZN), which has showed a growth trend, both in volume as well as in the number of transactions in each year.

Treasury Bonds are the most traded assets on the market (97.0%), followed by Corporate Bonds (2.6%) and then equities (0.4%).



\*Investment Banking

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## Post of the Month



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