

**Carlyle Partners**  
Health - Life - Pensions

# MONTHLY NEWSLETTER

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# The Importance of Asset Diversification

Remember the old saying “not to put all eggs in one basket”? It’s important to mention the need to diversify our assets and investments, both personally and from pension funds as well. Why is that important? Each asset class has its own risk v return characteristics. At times, certain assets offer better returns (or lower), when other assets offer lower returns (or better) and vice-versa. Therefore, it is important to combine assets of different characteristics to have steady returns in the medium and long term.

In Mozambique, pension fund investments are regulated by Ministerial Diploma 261/2009, from 22 December, that establishes prudential guidelines for pension fund asset management. The legislation above also establishes the diversification principle, with limits per asset class.

The image below shows the main assets invested by local pension funds, with each group of assets with its own characteristics of risk v return.



**Alberto Pitoro**  
Head of Treasury | Absa Bank Mozambique

# Retirement Savings



Millions of people are not saving nearly enough to give them the standard of living they hope for when they retire. If you fall into this category, you have three choices.

You can:

- retire later.
- start saving more.
- adjust downwards your expectations of what you will be able to afford in retirement.

Do not rely only on the State Pension (INSS) to keep you going during retirement. Once you have decided to start saving for retirement, you need to choose how you are going to do it. Complimentary pension funds have several important advantages that will make your savings grow steadily than might otherwise be the case. A complimentary pension scheme is basically a long-term savings plan.

If you save through a defined contributions pension scheme your regular contributions are invested so that they grow throughout your career and then provide you with an income in retirement.

To help employees save more for their retirement, employers can enroll their employees into a company complimentary pension scheme. If your employer gives you access to a complimentary pension fund, with company contributions, unless you really can't afford to contribute or your priority is dealing with unmanageable debt, staying out is like turning down the offer of a pay rise.

Of course, if your employer will contribute to your pension fund regardless of whether you contribute or not, then you should join the scheme whatever your financial circumstances. This is also an advantage for the employer as it is a form of retention of the employees and also makes the company to be seen as an employer of choice.

**Eleuterio Ribeiro**

HR Manager at CTRG

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# Market Intelligence

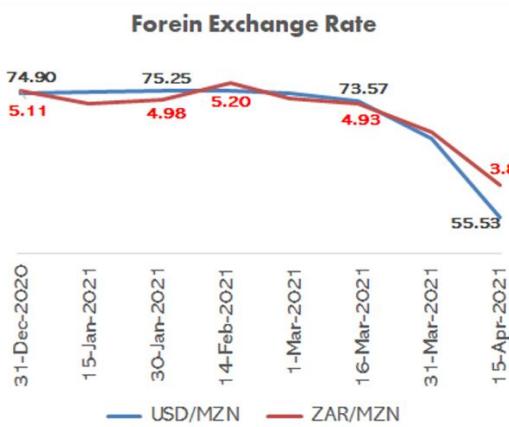
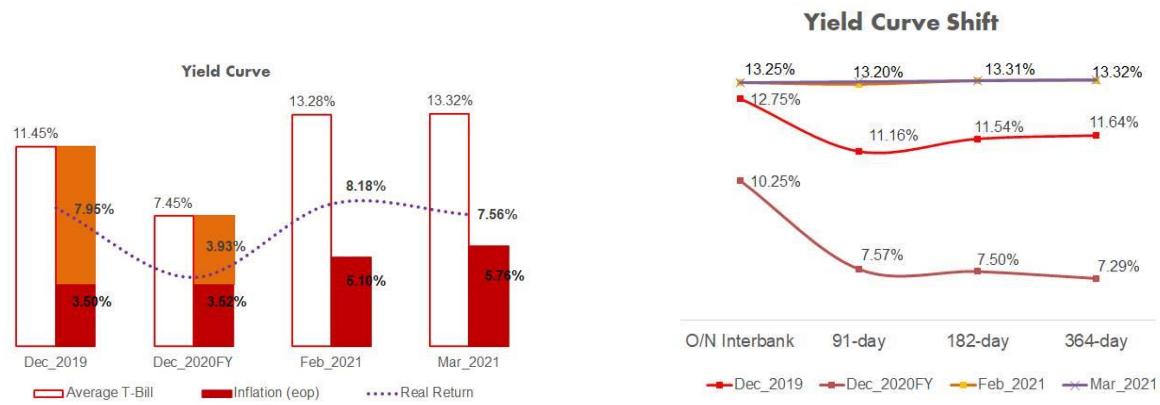
By Absa Bank Mozambique



## Macroeconomic Indicators

Source: Central Bank, INE, MEF, Absa Research

	2018	2019	2020E	2021F	2022F	2023F	2024F
Real GDP (% y/y)	3.3	2.2	-1.3	3.0	4.5	5.4	6.3
GDP (USD bn)	14.8	15.3	13.9	13.8	14.6	16.1	15.9
Current Account Balance (% GDP)	-30.3	-19.7	-27.7	-31.1	-30.6	-30.2	-29.2
Fiscal Balance (% GDP)	-5.3	-0.2	-10.8	-8.5	-7.8	-5.9	-4.8
Public Debt (% GDP)	110.0	104.0	117.0	116.3	113.1	103.1	99.4
CPI (%Dec/Dec)	3.5	3.5	3.5	4.8	5.2	5.7	6.7
CPI (p avg.)	3.9	2.8	3.2	5.5	4.2	6.0	6.0
Policy Rate (MIMO, % eop)	14.25	12.75	10.25	13.25	13.75	14.75	14.75
USD/MZN (eop)	61.63	61.64	74.60	77.80	82.10	80.50	80.00
USD/MZN (avg)	60.34	62.43	69.87	77.85	80.49	81.10	80.25
	Q4 20	Q1 21F	Q2 21F	Q3 21F	Q4 21F	Q1 22F	Q2 22F
CPI (% y/y, eop)	3.5	4.8	6.1	6.6	5.3	4.0	3.6
Policy rate (%, eop)	10.25	13.25	13.25	13.25	13.25	13.75	13.75
	Stop	Q1 21F	Q2 21F	Q3 21F	Q4 21F	Q1 22F	Q2 22F
USD/MZN	73.57	76.20	78.00	79.40	77.80	78.88	79.95
ZAR/MZN	4.98	5.08	4.95	4.96	4.79	4.79	4.76



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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