

# 2022

ANNUAL REPORT  
AND ANNUAL GENERAL  
MEETING PACK



# 21st ANNUAL GENERAL MEETING

## Contents

Notice and Agenda of Annual General Meeting	4
Minutes of the 20th Annual General Meeting	7
Proxy Form	68





## NOTICE AND AGENDA OF THE 21<sup>ST</sup> ANNUAL GENERAL MEETING OF NATIONAL INVESTMENT TRUST PLC

NOTICE IS HEREBY GIVEN THAT THE 21<sup>ST</sup> ANNUAL GENERAL MEETING OF NATIONAL INVESTMENT TRUST PLC WILL BE HELD AS A PHYSICAL MEETING AT RYALLS HOTEL ON 20<sup>TH</sup> JULY 2023 FROM 10:00 HOURS TO TRANSACT THE FOLLOWING BUSINESS:

### AGENDA

#### 1. Financial Statements

To receive and consider the Audited Financial Statements of the company for the year ended 31 December 2022, together with the reports of the Directors and Auditors thereon.

#### 2. Dividend

To declare a final dividend of MK317,250,000.00 (2021: MK303,750,000.00) representing 235 tambala per share (2021: 225 tambala) for the year ended 31 December 2022 as recommended by the Board of Directors.

An interim dividend of MK108,000,000.00 (2021: MK81,000,000.00) representing 80 tambala per share (2021: 60 tambala) was paid in October 2022. If the proposal to pay a final dividend is approved, the total dividend for the year will be MK425,250,000.00 (2021: MK384,750,000.00) representing 315 tambala per share (2021: 285 tambala).

#### 3. Re-Appointment of External Auditors

To re-appoint AMG Global, Certified Public Accountants, as Auditors for the year ending 31 December 2023 and to authorize the Directors to fix their remuneration.

#### 4. Directors' Remuneration

To fix the remuneration of the Chairman and other Directors as follows:

##### 4.1 Directors' Fees

Chairperson: K6,000,000.00 per annum (2022: K4,324,320.00)  
Directors: K4,800,000.00 per annum (2022: K3,786,760.00)

##### 4.2 Sitting Allowances:

Chairperson: K283,722.00 per sitting (2022: K204,484.00)  
Directors: K211,202.00 per sitting (2022: K166,619.00)

#### 5. Directors' Re-election

##### 5.1 Directors' re-election

###### I. To re-elect Mr. Davis Manyenje who retires by rotation and being eligible, offers himself for re-election.

Mr. Davis Winstone Manyenje is a businessman running a Commodity Trade House and General Supplies Enterprise and holds a Master of Business Administration [MBA] Degree and a Bachelor of Business Administration [BBA] Degree from University of Malawi - The Polytechnic. He also has certifications in financial services from SAIFM [RPE-Equities], MEFMI and UNITAR. He has over 22 years practical financial services and trade experience in capital markets, corporate finance and asset management and commodities trading.

He started his career with MUSSCO, propagating savings and credit cultures at grassroots under an AfDB funded Women in Development (WID) Project before moving to Reserve Bank of Malawi as a Capital Market analyst and later as a Money Market Analyst. Later, he moved into asset management in the private sector through CDH Asset Management Limited before joining stockbroking at Trust Securities Limited and later FDH Stockbrokers Limited. He previously worked as the General Manager for AHL Commodities Exchange Limited and later as the Group Operations Executive for AHL Group Plc.

###### II. To re-elect Mr. Michael Kadumbo who retires by rotation and being eligible, offers himself for re-election.

Mr. Michael Kadumbo is an experienced accountant, rising from Finance Manager to the current role as Chief Finance Officer for First Capital Bank. He holds a Bachelor of Accountancy Degree from the University of Malawi-The Polytechnic. He is a fellow of the Association of Chartered Certified Accountants (FCCA) and a member of the Institute of Chartered Accountants in Malawi (CA (Malawi)). He has more than 19 years working experience in accountancy and finance. Prior to joining First Capital Bank,

he worked for ADMARC Investment Holding Company. He also serves as a Director for FMB Capital Markets Ltd, Livingstone Fitness Centre and a Trustee for First Capital Bank Pension Fund.

III. **To re-elect Mr. Terence Nsamala who retires by rotation and being eligible, offers himself for re-election.**

Mr. Terence Nsamala holds a Bachelor of Accountancy Degree from the University of Malawi - the Polytechnic. He is a Fellow of the Association of Chartered Certified Accountants (FCCA). He has over 25 years work experience in equity and money market trading, investment and development banking and financial management. He currently manages a family investment trust with interests in listed securities and real estate. He is the Chairman of Select Financial Services Limited and serves as a director on the Board of Vanguard Life Assurance Limited.

**6. Other Business**

To transact any other business prior notice of which shall have been given to the Company Secretaries by members of the Company not less than 21 days before the date of the Annual General Meeting.

Dated 21 June 2023

**By Order of the Board**  
NICO Asset Managers Limited  
Company Secretaries

**Notes**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a member of the company.
2. The instrument appointing a proxy and, if applicable, the authority under which it is signed, must be deposited with Nico Asset Managers Limited, Company Secretaries at Chibisa House, 19 Glyn Jones Road, Blantyre not less than 48 hours before the time appointed for holding the meeting. The proxy form can also be sent through email to [memory.chipembere@nicoassetmanagers.com](mailto:memory.chipembere@nicoassetmanagers.com). The instrument appointing a proxy shall be in the form attached in the AGM Pack or a form as near thereto as circumstances permit.



**MINUTES OF THE 20<sup>TH</sup> ANNUAL GENERAL MEETING OF THE NATIONAL TRUST INVESTMENT PLC  
HELD ON 9 AUGUST 2022 RYALLS HOTEL, BLANTYRE FROM 10:00 HOURS TO 10:00 HOURS**

**Present**

Mrs. E. Gondwe	-	Chairperson
Mr. Msisha	-	Director
Mr. Nkata	-	Director
Mrs. Machinjili	-	Director
Mr. Manyenje	-	Director
Mr. Kadumbo	-	Director

**Shareholders in Person**

L.B.C. Kasuma	C.A. Chikuse
G.M. Msisha	R.K. Jere
J.J. Kanjinga	R. Phiri
C. Makadia	F. Chikadza
B.T. Maele	J. Maele
L. Kayira	

**Shareholders by Proxy**

Shareholder	Proxy
Standard Bank Pension Fund	Rupert Nkhono
Toyota Malawi Pension Fund	Lackson Thawale
NHL Timasuke Pension Fund	Lusako Mwanjiwiri
Associated Pensions Trust	Edson Kachitsa
RBM Pension Fund	John Mtegha
NICO Life	Emmanuel Chizumila
Limbe Leaf Pension Fund	Vivian Banda
CAM Nominees	James Mbingwa
PCL Pension Fund	Robert Mwiba
SUCOMA Pension Fund	Lisa Banda
Public Service Pension Fund	Jamie Chawinga



#### Observers

Douglas D. Nyirenda	Malawi Stock Exchange
Madalitso Mittochi	Malawi Stock Exchange
C Kapenda	External Audit - Deloitte
Mayamiko Phiri	Malawi Post
Kambani Banda	Independent Digest Newspaper
Garri Mathanga	Old Mutual
G. Chibowa	Bridgepath Capital
P. Sako	Bridgepath Capital
Mjedo Mkandawire	MISALICO
Gift Kaimira	Channel for All Nations Radio
A Khondiwa	Africa.Online Magazine
Daniel Dunga	NICO Asset Managers - Fund Manager
James Tsonga	NICO Asset Managers - Fund Manager
Gideon Chomboto	
Willima Matewere	
G Mwamira	
Lovemore Tinto	
Steven Mcheteza	

#### 20/1 Quorum

Upon confirmation of quorum by the Company Secretary, the meeting was declared duly constituted at 10:00 hours.

#### 20/2 Minutes of the Previous Meeting Held on 13 August 2021

The Minutes of the previous meeting were noted by the shareholders.

#### 20/3 Financial Statements for the Year Ended 31 December 2021, Reports of the Directors, and Auditors

The Audited Financial Statements for the year ended 31 December 2021, together with the reports of the Directors and Auditors thereon were received.

#### 20/4 Dividend

It was resolved that a final dividend of K303,750,000.00 representing 225 tambala per share be paid as recommended by the Directors.

#### 20/5 Directors' Re-Election

##### 20/5/1 Re-election of Mr. G. Msisha

It was resolved that Mr. G. Msisha be re-elected as Director.

##### 20/5/2 Re-election of Mr. P. Nkata

It was resolved that Mr. P. Nkata be re-elected as Director.

##### 20/5/3 Re-election of Mrs. E. Gondwe

It was resolved that Mrs. E. Gondwe be re-elected as Director.

#### 20/6 Directors' Remuneration

It was resolved that Directors' remuneration be increased with effect from 1 January 2022 as follows:

##### Fees

Chairperson : K4,324,320.00 from K3,603,600.00 per annum payable quarterly in arrears

Non-Executive Directors: K3,786,760.00 from K3,166,633.00 per annum payable quarterly in arrears

##### Sitting Allowances:

Chairperson : K204,485.00 from K170,404.00 per sitting

Directors : K166,619.00 from K138,849.00 per sitting

#### 20/7 Appointment of Auditors

It was resolved that AMG Global be appointed Auditors for the year ending 31 December 2022 and the Directors be authorized to fix the Auditors' remuneration. The shareholders noted the resignation of the previous auditors, Deloitte.

There was no other business prior notice of which had been given to the Company Secretaries by members of the Company not less than 21 days before the date of the Annual General Meeting.

The meeting was declared closed by the Chairperson.

\_\_\_\_\_  
Chairperson

\_\_\_\_\_  
Date

# ANNUAL REPORT 2022

TABLE OF CONTENTS	PAGE
Chairperson's Statement	12
Profiles of Directors	13
Investment Policy	18
Fund Manager's Report	19 - 28
Directors' Report	29 - 32
Statement of Directors' Responsibilities	33
Independent Auditors' Report	34- 37
Statement of Financial Position	38
Statement of Comprehensive Income	39
Statement of Changes in Equity	40
Statement of Cash Flows	41
Notes to the Financial Statements	42 - 65



## Chairperson's statement

*"Our success is a testament to the expertise, dedication, and hard work of our investment team"*

Mrs. Esther Gondwe  
Chairperson



### Dear Investors and Stakeholders,

I am pleased to present the annual report of National Investment Trust plc (NITL) for the year ended December 31, 2022. Despite the challenging economic and market conditions, I am proud to report that our fund has exceeded expectations and achieved significant growth. Our commitment to disciplined investment strategies, rigorous risk management, and in-depth market analysis has been instrumental in generating attractive returns for our investors.

### Financial Performance:

NITL continued its growth momentum in 2022, with a year-on-year increase in profit after tax (PAT) to MK6.99 billion, representing a 49.73% growth compared to the previous year's profit of MK4.67 billion. Total investment income grew to MK7.35 billion, a 49.50% increase year-on-year. This growth was driven by significant share revaluation gains of MK6.58 billion and increased dividend income due to higher dividends declared by investee companies. Interest income also experienced a substantial increase of 142.57% as a result of a higher availability of funds for investments.

Our investment assets grew to MK24.33 billion, reflecting a 37.59% year-on-year growth. The gross annualized return stood at 34.98% against the MASI return of 36.74%, average all-type Treasury Bill rate of 17.50%, and average inflation for 2022 of 21.00%.

Despite heightened inflationary pressures, the company maintained a disciplined approach to managing its cost base. Operating expenses rose by 21% in line with the growth in Assets Under Management, as compared to the previous year.

### Dividend:

During the year, the Company declared an interim dividend of MK108.00 million (2021: MK81.00 million) representing MK0.80 per share (2021: MK0.60 per share) for the year ended 31 December 2022. The Directors proposed a final dividend of MK317.25 million (2021: MK303.75 million) representing MK2.35 per share (2021: MK2.25 per share) in respect of the 2022 profits to be approved at the forth coming Annual General Meeting. This will bring the total dividends from the 2022 profits to MK425.25 million (2021: MK384.75 million) representing MK3.15 per share (2021: MK2.85 per share).

### Market Expansion:

We successfully expanded our presence in new stock investments and strengthened our position in existing ones. Notably, we invested in private equity in Continental Holdings Limited (CHL), a company in the financial services sector, by purchasing 7 million shares from TransAfrica Holdings Limited. This acquisition increased our shareholding in CHL to 4.26%. We will continue to pursue promising stock investments to seize new opportunities and stay ahead of the curve.

### Investment Philosophy and Strategy:

Our investment philosophy revolves around a long-term, research-driven approach to identify opportunities with attractive risk-return profiles. We maintain a diversified portfolio across asset classes and sectors to mitigate risk and capitalize on emerging trends. Through thorough analysis and due diligence conducted by our investment committee and NICO Asset Managers Limited, we identify undervalued assets and growth potential, aiming to generate alpha for our investors. We remain committed to disciplined investing, prudent risk management, and adherence to ethical principles.

### Outlook:

Looking ahead, we are optimistic about our prospects for continued growth and success. With our strong financial position, diverse portfolio investments, and commitment to innovation and sustainability, we believe we are well-positioned for long-term success.

We acknowledge the challenging economic operating environment expected in 2023, driven by the adverse effects of Cyclone Freddy, which have impacted crop harvests. Additionally, the shortage of foreign currency leading to intermittent fuel supply may affect production in various sectors.

In conclusion, I extend my sincere appreciation to all the Directors and committees for their unwavering commitment to the mission of NITL. The Investment Committee has been instrumental in shaping our investment strategy, while the Finance and Audit Committee has played a pivotal role in ensuring responsible financial management.

Furthermore, I would like to express my heartfelt gratitude to NICO Asset Managers Limited, the portfolio managers, and our shareholders for their unwavering support and continuous backing and commitment to our organization which has been vital to our company's achievements. Our success is a testament to the expertise, dedication, and hard work of our investment team.

As we move forward, we remain committed to delivering exceptional results, adhering to our investment philosophy, and serving the best interests of our investors. We look forward to navigating the investment landscape together and achieving our shared objectives.

Esther Gondwe  
Chairperson

## BOARD OF DIRECTORS





**Mrs. Esther Gondwe**  
(Chairperson)

Esther Gondwe holds a Bachelor's Degree in Social Sciences from the University of Malawi, an ACCA Certified Diploma in Accounting and Finance and a Master's Degree in Business Administration from Brunel University in London, UK. She has over 10 years experience in Project Management having worked and held senior positions at the Malawi Development Corporation, a former Development Financial Institution in Malawi. She also has over 15 years experience in research and grants management having held management positions at the Blantyre Malaria project, an affiliate of the Kamuzu University of Health Sciences, formerly University of Malawi, College of Medicine. She has managed research grants from the US National Institutes of Health (NIH), the Bill and Melinda Gates Foundation, the European Development Clinical Trials Partnership (EDCTP), the Wellcome Trust and the Medical Research Council. She has also participated in training and policy development for grants management and research administration in the University.



**Mr. Terence Nsamala**  
(Chairman - Investment Committee)

Mr. Terence Nsamala holds a Bachelor of Accountancy Degree from the University of Malawi - the Polytechnic. He is a Fellow of the Association of Chartered Certified Accountants (FCCA). He has over 25 years work experience in equity and money market trading, investment and development banking and financial management. He currently manages a family investment trust with interests in listed securities and real estate. He is the Chairman of Select Financial Services Limited and also serves as a director on the Board of Vanguard Life Assurance Limited.



**Mr. Godfrey Mutaya Msisha**  
(Chairman - Finance and Audit Committee)

Mr. Godfrey Mutaya Msisha is a lawyer and Partner/Proprietor with M & Z Associates. He has expertise in legal drafting, particularly in matters concerning commercial law and practice. Mr. Msisha holds a Bachelor of Laws (LLB) degree from Rhodes University, South Africa; a Master of Arts in Economics from Colorado State University, USA and a Bachelor of Arts in Economics from Ohio Dominican College, USA. Mr. Msisha worked as a Mutual Fund Accountant in Columbus Ohio; was a Senior Associate at Nyirenda & Msisha Law Firm; and was the Legal Services Manager at National Oil Company of Malawi Limited ("NOCMA").



**Mr. Davis Winstone Manyenje**  
(Director)

Mr. Davis Winstone Manyenje is a businessman running a Commodity Trade House and General Supplies Enterprise and holds a Master of Business Administration [MBA] Degree and a Bachelor of Business Administration [BBA] Degree from University of Malawi - The Polytechnic. He also has certifications in financial services from SAIFM [RPE-Equities], MEFMI and UNITAR. He has over 22 years practical financial services and trade experience in capital markets, corporate finance and asset management and commodities trading.

He started his career with MUSSCO, propagating savings and credit cultures at grassroots under an AfDB funded Women in Development (WID) Project before moving to Reserve Bank of Malawi as a Capital Market analyst and later as a Money Market Analyst. Later, he moved into asset management in the private sector through CDH Asset Management Limited before joining stockbroking at Trust Securities Limited and later FDH Stockbrokers Limited. He previously worked as the General Manager for AHL Commodities Exchange Limited and later as the Group Operations Executive for AHL Group Plc.



**Mrs. Lissa Machinjili**  
(Director)

Mrs. Lissa Machinjili is a Fellow of the Association of Chartered Certified Accountants (FCCA) and a member of the Institute of Chartered Accountants in Malawi (ICAM) with over 20 years working experience. Her vast experience in auditing and finance is largely in the banking sector. She also holds an MBA from University of Derby and a Bachelor of Accountancy Degree from University of Malawi obtained from the Polytechnic. She is currently the Internal Audit & Risk Manager for Public Procurement & Disposal of Assets Authority. She previously worked as Head of Internal Audit at Mwaiwathu Private Hospital, Indebank Limited and as an Internal Audit Manager at Standard Bank Malawi Plc. Early on in her career, she worked as Assistant Audit Manager at KPMG Malawi.



**Mr. Peter Nkata**  
(Director)

Mr. Peter Kamunkwala Nkata is a Chartered Mechanical Engineer and holds an Honors Bachelor of Science Degree in Mechanical Engineering obtained from the University of Nairobi, Kenya. He is a member of various professional bodies which include the Institute of Mechanical Engineers, the Board of Engineers and the Malawi Group of Professional Engineers. Mr. Nkata is currently a Consultant for Globe Group of companies. For the past 10 years, he was Managing Director of Beehive Limited and also its co-founder, having previously worked for 10 years as Country Director and co-founder of Mary's Meals. He commenced his career as a Graduate Engineer with the Ministry of Works and Supplies in Kenya and later worked for the Malawi Government. He joined the private sector in various senior roles including Projects Engineer at Shell and BP Refinery, Durban, South Africa; General Manager of Chesebrough Ponds Malawi; Detergents Factory Manager of Lever Brothers Zimbabwe; System Engineer at CRAIGMILLER factory in the United Kingdom; Logistic Director, Lever Brothers, Zambia; and Sourcing Manager, Unilever South Africa, Durban.



**Mr. Michael Kadumbo**  
(Director)

Mr. Michael Kadumbo is an experienced accountant, rising from Finance Manager to the current role as Chief Finance Officer for First Capital Bank Plc. He holds a Bachelor of Accountancy Degree from the University of Malawi - The Polytechnic. He is a fellow of the Association of Chartered Certified Accountants (FCCA) and a member of the Institute of Chartered Accountants in Malawi (CA (Malawi)). He has more than 19 years working experience in accountancy and finance. Prior to joining First Capital Bank, he worked for ADMARC Investment Holding Company. He also serves as a Director for FMB Capital Markets Ltd, Livingstone Fitness Centre and a Trustee for First Capital Bank Pension Fund.



## INVESTMENT POLICY

For the year ended 31 December 2022

The principal objective of the company is to provide a vehicle to facilitate broad public participation in a diverse portfolio of investments. The company invests in various instruments including listed equities, bonds, money market, properties, and unlisted equities.

The company's investment portfolio is managed by an independent fund manager, NICO Asset Managers Limited, whose management is subject to the overall direction of the Board of Directors of the company. The Fund Manager has day-to-day control and discretion in the management of the investment portfolio in accordance with the investment policy. The investment portfolio is managed with a view to providing shareholders with a return by way of both annual income and capital growth. Subject to cash flow considerations, net after tax income, other than income from investment switches and unrealised net gains on the investment portfolio, is distributed to shareholders.

The Board of Directors recognises that there will always be a risk present in any portfolio of investments but has adopted an investment policy which seeks to minimize that risk by defining permitted investments and placing limits on the extent of exposure to individual investments as follows:-

### Equities

Up to 100% of the investment portfolio may be invested in equities provided that no more than 40% of the portfolio may be invested in any single listed company and no more than 10% of the portfolio may be invested in any single unlisted company. Further limitations on investment in equities of property companies are set out below.

### Bonds

Up to 25% of the investment portfolio may be invested in public or private sector bonds provided that no more than 10% of the portfolio may be invested in any single bond issue or series of bonds of a single private sector issuer. It is a requirement that bonds must have a fixed redemption date and period to redemption of not more than ten years. Private sector bonds must be fully secured and public sector bonds must be guaranteed by the Government of Malawi.

### Property and Equity of Property Companies

Up to 25% of the investment portfolio may be invested in properties or equity of property companies provided that no more than 10% of the investment portfolio may be invested in any single property investment.

### Cash Equivalents

No restrictions are placed on short-term investments in the form of Treasury Bills, Treasury Notes or deposits with licensed financial institutions.

### Restrictions

The Fund Manager may not without the consent of the majority of the Board of Directors:

- acquire or dispose of any unlisted equities or bonds;
- enter into a contract on behalf of the company to acquire or dispose of any unlisted equities or bonds;
- borrow money in the name of the company; and
- pledge any property or assets belonging to the company or create charges or mortgages thereon.

## FUND MANAGER'S REPORT

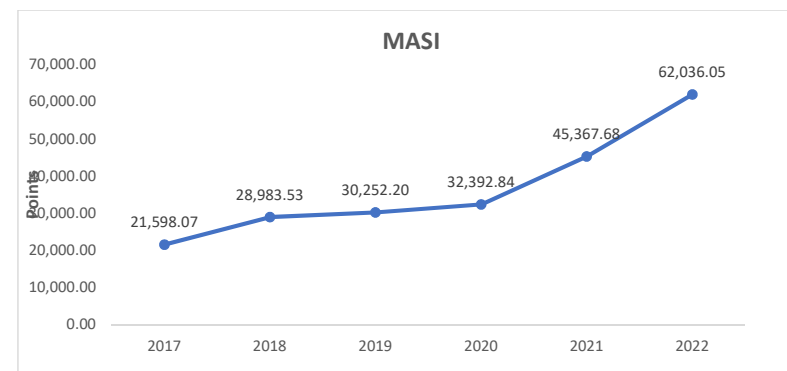
For the year ended 31 December 2022

### ECONOMIC INDICATORS

During the reporting period, the Malawi Kwacha depreciated against the United States Dollar, British Pound, South African Rand and the Euro by 25.73%, 15.56%, 21.42% and 21.80% respectively. As at 31 December 2022, the Malawi Kwacha was trading at K1034.43/US\$ (31 December 2021: K819.44/US\$), representing a 26.24% annual depreciation in comparison with the prior year. As at 31 December 2022, total foreign currency reserves stood at US\$304.65 million (1.22 months of import cover), a decrease from US\$429.17 million (1.72 months of import cover) registered at the end of 31 December 2021.

The stock market yielded bullish gains in 2022 as the Malawi All Share Index (MASI) registered a return of 36.74%, compared to 2021 which stood at 40.05%. The MASI closed at 62,036.05 points on 31 December 2022 from 45,367.68 points on 31 December 2021.

Below is a chart showing the MASI trend over the last 6 years.



The market registered eleven gainers: NBM (90.35% increase), ILLOVO (80.00% increase), NBS (48.47% increase), STD Bank (42.87% increase), Airtel (41.60% increase), FMBCH (38.58% increase), NITL (31.60% increase), PCL (14.81% increase), FDH (9.87% increase), NICO (9.09% increase) and Sunbird (2.28% increase). There were also five losers: MPICO (0.29% decrease), BHL (0.36% decrease), ICON (7.29% decrease), TNM (38.92% decrease) and OMU (53.10% decrease).



The table below shows the closing share prices as at 31 December 2022, as compared to 31 December 2021:

COMPANY NAME (COUNTER)	SHARE PRICE (MK) 31 DECEMBER 2022	SHARE PRICE (MK) 31 DECEMBER 2021	PERCENTAGE CHANGE (%)
AIRTEL MALAWI PLC	56.64	40.00	41.60
BLANTYRE HOTELS PLC	10.97	11.01	-0.36
FMBCAPITAL HOLDINGS PLC	110.86	80.00	38.58
FDH BANK PLC	17.37	15.81	9.87
ICON PROPERTIES PLC	11.95	12.89	-7.29
ILLOVO SUGAR MALAWI PLC	540.00	300.00	80.00
MPICO PLC	20.64	20.70	-0.29
NATIONAL BANK OF MALAWI PLC	1,542.05	810.12	90.35
NBS BANK PLC	34.00	22.90	48.47
NICO HOLDINGS PLC	60.00	55.00	9.09
NATIONAL INVESTMENT TRUST PLC	124.99	94.98	31.60
OLD MUTUAL PLC	985.00	2 099.99	-53.10
PRESS CORPORATION PLC	2,181.37	1 900.00	14.81
STANDARD BANK PLC	2,000.16	1 400.00	42.87
SUNBIRD TOURISM PLC	92.06	90.01	2.28
TELEKOM NETWORKS MALAWI PLC	14.00	22.92	-38.92
<b>MALAWI ALL SHARE INDEX (MASI)</b>	<b>62,036.05</b>	<b>45,367.68</b>	<b>36.74%</b>

The Malawi All Share Index (MASI) delivered a return of 36.74% in the year, a decrease from 40.05% for the year 2021.

The Monetary Policy Committee (MPC) raised the policy rate by 200 basis points from 12.00% at the start of the year to 14.00% in May 2022; the rate was further raised by 400 basis points in October 2022 to 18.00%.

Interest rates on the money market increased following the upward revision of the monetary policy rate. The all-type Treasury bill yield for the year 2022 increased to 17.50% from 12.19% in 2021. Meanwhile, returns for 2 years, 3 years, 5 years, 7 years and 10 year notes averaged 17.85%, 19.65%, 21.09%, 22.48% and 24.61% respectively. Fixed deposit rates increased to an average of 14.50% in 2022 from 12.50% recorded in 2021.

## INVESTMENT PORTFOLIO

As at 31<sup>st</sup> December 2022, total assets stood at K24.33 billion (31 December 2021: K17.69 billion) representing 37.59% growth year-on-year (YoY). The gross annualized return for the fund was 34.98% (31 December 2021: 31.90%) against the MASI return of 36.74%, average all-type Treasury Bill rate of 17.50% and average inflation of 21.00%.

Total investment income was K7.35 billion as compared to K4.91 billion during the same period last year, representing a 49.50% increase YoY. Investment income excluding revaluation gains was K770.32 million (2021: K631.01 million).

The company approved an interim dividend of K108.0 million, representing K0.80 per share (2021 interim: MK81.0 million representing K0.60 per share).

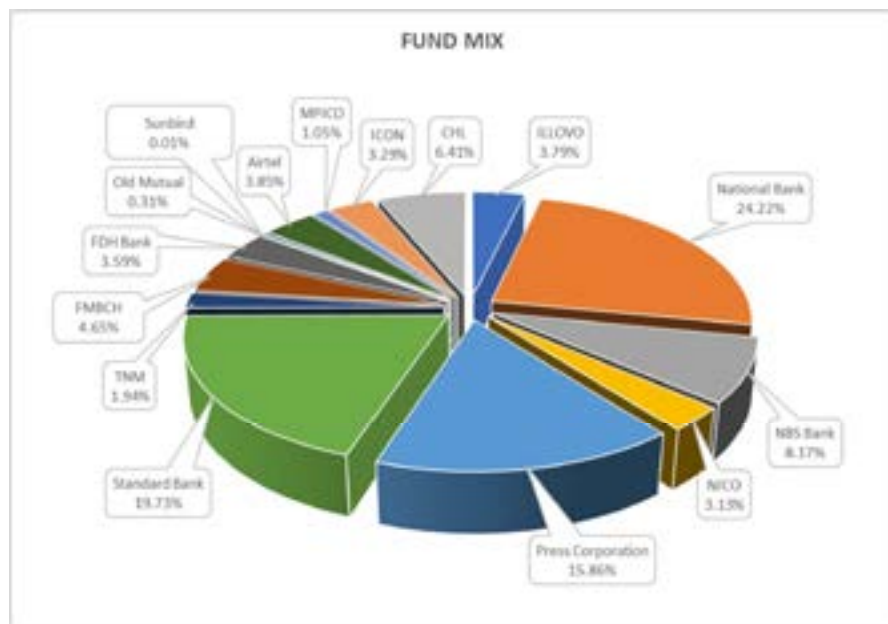
Below is a table showing how the fund was invested as at 31 December 2022:

NITL Investments				
Counter	Number of shares	Share Price	Valuation (MK'000)	Fund %
ILLOVO	1,700,454	540.00	918,246	3.8%
National Bank	3,810,295	1,542.05	5,875,666	24.1%
NBS Bank	58 316 945	34.00	1 982,776	8.1%
NICO Holdings	12 640 331	60.00	758,420	3.1%
Press Corporation	1 763 358	2,181.37	3 846 537	15.8%
Standard Bank	2 392 190	2000.16	4,784,763	19.7%
TNM	33 565 081	14.00	469,911	1.9%
FMBCH	10 164 367	110.86	1,126,822	4.6%
FDH Bank	50,151,517	17.37	871,132	3.6%
Sunbird	37 000	92.06	3,406	0.0%
Old Mutual	76 108	985.00	74,966	0.3%
Airtel	16 500 000	56.64	934,560	3.8%
MPICO	12 390 741	20.64	255,745	1.1%
ICON	66, 797 612	11.95	798,231	3.3%
CHL	7,128,640	218.20	1,555,442	6.4%
Deposits and Bank Balances			78,265	0.3%
<b>TOTAL</b>			<b>24,334,888</b>	<b>100.0%</b>



## INVESTMENT PORTFOLIO

The pie chart below shows the fund mix as at 31 December 2022



The Directors believe that the fund remains well diversified across listed entities on the Malawi Stock Exchange and private equity in line with the Investments Policy.

## INVESTMENT PORTFOLIO (Continued)

Below is a high-level review of the companies in NITL's portfolio as at the reporting date (*please note that the report presented is based on published statements as at March 2023 and references the most recent available data as at that date*):

### Standard Bank Plc

Standard Bank registered a profit after tax of K39.20bn for FY22, 58.27% above the prior corresponding period (FY21: K24.77bn). The Bank's upward trajectory was primarily driven by a 48.96% increase in net interest income to K76.65bn (FY21: K51.46bn), while non-interest revenue was up by 26.35%. The Bank's efficiency and profitability margins also improved due to continued success of their long-term cost-cutting initiative which led to a lower cost-to-income ratio of 47.51% (FY21: 51.65%). Additionally, customer deposits grew by 47.51% to K593.00bn, and book value by 26.48% to K148.05bn. Standard Bank is set to continue posting strong earnings as they ease on lending and take advantage of high-yielding financial instruments, as evidenced by their loans-to-deposits ratio dropping to 39.77% for FY22 (FY21: 51.37%).

### National Bank of Malawi Plc

National Bank's FY22 profit after tax is set to be at least 30% above the prior fiscal year profit of K34.21bn. The Bank's performance is driven by growth in net interest income, digital banking volume and a strong balance sheet that boasts a high loan book and customer deposits.

### FDH Bank Plc

FDH Bank's profit after tax for FY22 is set to increase by at least 50% relative to the K11.66bn registered for FY21. The Bank's performance is largely attributed to increases in profit margins, interest income, and significant leaps in non-interest income as their customer deposits grow at a faster rate than their loan book as evidenced in their HY22 performance.

### FMB Capital Holdings Plc

FMBCH projected an increase of at least 30% in profit after tax for FY22, up from \$40.45bn register in the previous fiscal year. Their performance is to be driven by interest and non-interest revenue, and lower cost margins across the Group.

As at 30 June 2022, FMBCH recorded \$25.24mn in profit after tax; performance was largely driven by the following countries: Malawi (\$8.71mn), Botswana (\$6.53mn) and Zambia (\$5.0mn) accounted for most of the PAT. Zimbabwe, a previous thorn in the Group's profit, registered \$1.25mn in PAT as they recover from economic turmoil and recorded a positive PAT for a second year in a row.

FMBCH's is forecasted to sustain steady performance with earning growth in key countries, a turnaround in Zimbabwe, and growing deposits across the Group.

### NBS Bank Plc

NBS Bank's profit after tax for FY22 is projected to be at least 140% higher than the K7.69bn posted in the prior fiscal year, an immense jump. The Bank's performance is set to be driven by significant increases in customer deposits, interest revenue, and trading income.

## INVESTMENT PORTFOLIO (Continued)

### Illovo Sugar Plc

Illovo published a trading statement indicating that its profit after tax (PAT) for the half-year period ended 28 February 2023 is expected to increase to between K32bn and K34.5bn, significantly above the K9.22bn recorded in the prior corresponding period. The performance is largely driven by increased cane and sugar prices, which are relatively cheap in the region – signalling higher ceiling for growth. The company is set to continue their upward trajectory following clearance of debt and being heavily capitalized – which will result in reinvestment, lower financing costs, and higher dividend payments.

### NICO Holdings Plc

NICO Holdings is set to register an increase of at least 90% in profit after tax, up from K18.30bn in the prior fiscal year. The Group's performance is to be largely boosted by banking operations, and sustained exponential earnings growth hangs largely on their insurance operations, in addition to property and asset management divisions.

### Press Corporation Plc

Press Corporation reported a profit after tax of K15.98bn as at 30 June 2022, a 24.1% increase YoY. Profit was driven by a 10.6% increase in revenue, a higher gross margin, and the disposal of PTC which previously negatively impacted the Group's results. Performance at the half year was mainly driven by National Bank as all other segments except for PUMA (K595mn of PAT) recorded net losses.

### Airtel Plc

Airtel reported a 14.3% increase in revenue to K67.80bn, but a 21.5% drop in profit after tax for the period ended 30 June 2022 HY22 to K8.90bn. Their revenue leap was driven by a 20.7% YoY increase in voice revenue but was significantly offset by currency devaluation that resulted in net finance costs of K15.31bn, 198% higher than the K5.13bn in the prior corresponding period. Airtel's outlook is positive as they are in a growth industry and grew total customer base by 11.1% to 5.8 million (data customers: 2.2 million).

### TNM Plc

TNM had an underwhelming year and has projected a 90% decrease in profit after tax, significantly below the K9.70bn recorded in for FY21. This marks another year-on-year decline in profit for TNM, as has been exhibited in three of the last four fiscal years. The Company's lacklustre performance is largely due to declining voice revenue, slow growth in data revenue and an increase in net finance costs mainly due to currency devaluation (HY22: K5.0bn, HY21: K2.8bn). TNM's outlook is not all gloomy and could potentially turn-around on the back of high-growth potential in MPAMBA, revitalization of voice revenue and their large customer base of 4.8 million (recorded as at 30 June 2022).

### Sunbird Tourism Plc

Sunbird's profit after tax for FY22 is projected to be 240% higher than the K749.39mn registered in the previous fiscal year. Their corporate segment is set to be a key revenue driver, accounting for 82% of the rooms sold for HY22. The company has made refurbishments and expansions to existing prime establishments. Sunbird paid an interim dividend of K0.50 per share on 25 November 2022.

## INVESTMENT PORTFOLIO (Continued)

### ICON Properties Plc

ICON is set to increase their profit after tax for F22 by at least 70% from K8.72bn registered for FY21. Its property portfolio and NAV remain sound and were recorded at K71.4bn and K92.4bn as at 30 June 2022. Occupancy rates have rebounded from pandemic levels but however long-term performance is contingent on its investments pipeline and timely execution.

### MPICO Plc

MPICO has projected their FY22 profit after tax to increase by at least 20% from K6.42bn registered for FY21. This increase was driven by property revaluation gains and slight increases in rental income. Its property portfolio and NAV were recorded at K74.42bn and K71.64bn respectively as at 30 June 2022. The company's outlook hangs on occupancy rates and recovery of rental arrears from government, which MPICO has successfully made strides in and collected in near entirety.

### Continental Holdings Limited

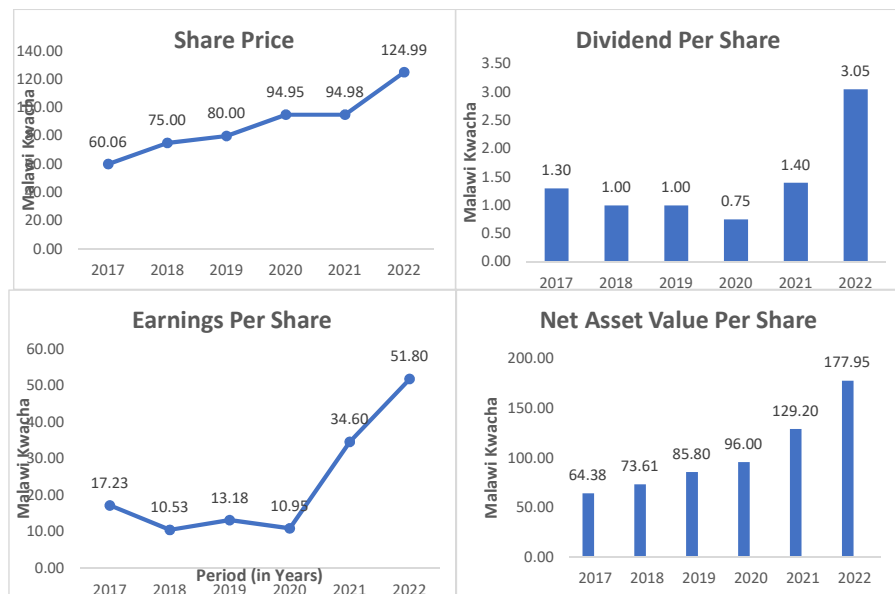
CHL posted a PAT of K5.4bn FY21. This was driven by increases of 16.1% in interest revenue and 7.8% in non-interest revenue. The Company's NAV of K19.9bn was 24.0% higher than the prior period.

CDH Investment Bank (CDHIB) is the anchor of the CHL Group and accounts for 81.5% of consolidated profit before tax. As at 30 June 2022, the CDHIB reported a 6.3% decline in PAT to K2.5bn. This drop was mainly due to rising operating costs and lower profitability margins; cost-to-income ratio jumped from 41.9% HY21 to 50.3% HY22. Interest and non-interest income registered increases of 26.2% and 46.1%, respectively. The Bank's outlook is positive as its customer deposits exhibited 25.0% growth YoY and return on equity was 30%.

In 2022, the CHL Group declared a dividend of K2.1 billion representing K12.45 per share.

## INVESTMENT PORTFOLIO (Continued)

The net asset value (NAV) per share of National Investment Trust plc as at 31 December 2022 increased to K177.95 from K129.20 recorded in 2021. The NAV was higher than the Malawi Stock Exchange quoted share price of K124.99, representing a discount of 42.37% (2021: 36.03%). The earnings per share as at close of the year stood at K51.80 compared to K34.60 in 2021. The graphs below show the 6-year historical movements in the above parameters.



## INVESTMENT PORTFOLIO (Continued)

### Investment Transactions

National Investment Trust plc sold some shares in ICON Properties plc, ILLOVO Sugar plc, Standard Bank plc, National Bank plc and FMBCH plc in 2022 amounting to a total of K1,184.6 million. The company acquired shares in Continental Holdings Limited and further increased exposure in Airtel Malawi plc, FDH Bank plc and FMBCH plc in 2022 totalling to K1,412.1 million in order to boost the performance of the portfolio. This was done based on the approved equity strategy of the company.

### OUTLOOK

The Government of Malawi estimated Gross Domestic Product (GDP) growth for 2022 at 1.2% from 4.6% in 2021. Economic growth in 2022 was hampered by disrupted economic activity in several sectors including energy, agriculture, transport, and manufacturing. Malawi is an import-dependent country relying on strategic imports like fuel, fertilizer, pharmaceuticals, and other commodities from countries whose economies have been severely disrupted by the war in Ukraine, lockdowns due to China's zero COVID policy, and tight monetary policy stances by central banks around the world. Further, the economy came under pressure due to obligations regarding debt service payments, and weather shocks emanating from the two successive tropical storms that affected the 2021/2022 agriculture growing season, livelihoods, infrastructure, and a third of Malawi's electricity generation capacity.

In 2023, the government's projection of GDP growth of 2.7% on account of expected high yields in agriculture, stabilization of energy supply and increased output in other economic sectors like mining and construction. However, downside risks to growth persist, including weather shocks that affect the country's rain-fed agriculture sector, limited concessional financing, low investor confidence, acute foreign exchange shortages and high inflation. Shocks to commodity prices exacerbated by the Russia-Ukraine war and rising interest rates in the face of soaring inflation may also affect the economic growth of Malawi.

In the long term, agriculture is expected to record remarkable gains in 2024 as fertilizer prices normalize and foreign-currency shortages lessen. Immense pressure from weather shocks remains a major threat to Malawi's agriculture; nonetheless, growth is expected to reach 3.0% in 2024, from an estimated 1.2% in 2022. Commercialization of agriculture, together with expenditure rationalization and the prioritization of capital expenditure under IMF guidance may result in real GDP averaging 4.0% in 2025-27 forecast window, from an estimated average of 2.1% in 2022-24. In 2025 the 300-MW Kammwamba coal fired power plant project is expected to be commissioned, improving the power situation, and contributing about 3.0% to economic growth in 2025.

#### OUTLOOK (Continued)

In 2022, using the RBM middle exchange rates, the Malawi Kwacha depreciated against the US Dollar and closed the year at K1,026.43/US\$1 compared to K816.40/US\$1 registered at the end of 2021. During the year in review, the Reserve Bank of Malawi (RBM), as mandated under the RBM Act of 2018 to manage foreign exchange transactions in the country, devalued the Malawi Kwacha exchange rate against the United States Dollar by 25.0% on 27 May 2022. The decision was aimed at improving external sector competitiveness, aligning the exchange rate with market fundamentals as well as improving the circulation of foreign exchange in the market. This decision resulted in the devaluation of the Kwacha from K816.40/US\$1 to K1026.43/US\$1.

According to the 2023 State of National Address, the structural challenges in generating foreign exchange have impeded the importation of commodities critical to the economy of Malawi, resulting in foreign exchange supply shortages that has impacted the import input productive sector, and the consumer industry which includes the supply of fuel and pharmaceuticals. This was attributed to Malawi's narrow export base and the low production of value-added goods to generate the forex and revenue necessary to pay off debt, engage in meaningful development, foreign aid freedom, and a resilient economy against external shocks, natural disasters, public health crises, and global supply chain disruptions.



#### DIRECTORS' REPORT

For the year ended 31 December 2022

##### *Nature of Business*

The company is a closed end collective investment scheme established with the objective of providing investors with the opportunity to invest in a diversified portfolio of equity investments, bonds, property and equity of property companies and money market investments in Malawi. The company is licensed by the Registrar of Financial Institutions in accordance with the Financial Services Act through the Reserve Bank of Malawi.

##### *Share capital*

Details of the current authorised and issued share capital are set out in note 8. An analysis of shareholders by type and holding is set out in note 20 to the financial statements.

##### *Dividends*

An interim dividend of **80 tambala** (2021: 60 tambala) **per share** was paid on 28<sup>th</sup> October 2022 to shareholders registered in the company's share register on 21 October 2022. The directors recommend a final dividend of **235 tambala** (2021: 225 tambala) **per share** for declaration at the forthcoming Annual General Meeting.

##### *Directors*

The following directors served in office during the period under review and four Board meetings were held.

	Attendance	Attendance Record %
Mrs. Esther Gondwe	4/4	100
Mr. Peter Nkata	4/4	100
Mr. Godfrey Msisha	4/4	100
Mr. Davis Manyenje	4/4	100
Mrs. Lissa Machinjili	4/4	100
Mr. Michael Kadumbo	4/4	100
Mr. Terence Nsamala	4/4	100

All directors are non-executive.

The following are the qualifications of the Directors who served during the period:

Name	Qualifications
Mrs. Esther Gondwe	MBA, ACCA Certified Dip. Accounting and Finance, B. Soc. Sc. (Public Admin and Psychology)
Mr. Peter Nkata	B. Sc. Honours (Mechanical Engineering), Chartered Engineer
Mr. Godfrey Msisha	LLB, M.A (Econs), BA (Econs)
Mr. Davis Manyenje	MBA, BBA
Mrs. Lissa Machinjili	MBA, FCCA, CA (Mw)
Mr. Terence Nsamala	FCCA, B. Acc.
Mr. Michael Kadumbo	FCCA, B. Acc., CA (Mw)

The regulations governing collective investment schemes stipulate that the majority of directors of the company must not be affiliated persons. None of the directors are affiliated persons.

**Directors (Continued)**

In terms of the company's articles of association Mr. D. Manyenje, Mr. M. Kadumbo and Mr. T. Nsamala retire at the forthcoming annual general meeting. All the retiring directors are eligible for re-election.

The directors' direct or indirect interest in the shares of the company as at end of the reporting period is detailed in note 18 to the financial statements.

**Statement on corporate governance**

The company has a unitary board of directors comprising seven non-executive directors. There are no executive directors.

The Board complies with the major principles of modern corporate governance as contained in the Code of Best Practice for Corporate Governance in Malawi (The Malawi Code II).

The Board meets at least four times a year. Adequate and efficient communication and monitoring systems are in place to ensure that the directors receive all relevant information to guide them in making necessary strategic decisions, and providing effective leadership, control and strategic direction over the company's operations, and in ensuring that the company fully complies with relevant legal, ethical and regulatory requirements.

In accordance with The Malawi Code II, the Board regularly assesses its performance and effectiveness as a whole as well as that of individual directors.

**Board Committees**

**a) Finance and Audit Committee**

The Finance and Audit Committee conducts its business in accordance with detailed terms of reference and does the following:

- monitors the integrity of the financial statements of the company and any formal announcements relating to the company's financial performance, including reviewing significant financial reporting judgments contained in them;
- reviews the company's internal financial controls to ensure the operation of adequate systems and control processes to safeguard the company's assets;
- reviews the company's policies and procedures to ensure they adequately address compliance and regulatory issues;
- oversees the company's relationship with its external auditor and reviews and monitors the external auditor's independence and objectivity and the effectiveness of the audit process; and
- makes recommendations to the Board, for it to put to shareholders for their approval in general meeting, in relation to the appointment and remuneration of external auditors.

During the period under review, the Finance and Audit Committee held four meetings.

	Attendance	Attendance Record %
Mr. Godfrey Msisha	4/4	100
Mrs. Lissa Machinjili	4/4	100
Mr. Michael Kadumbo	4/4	100

**Board Committees (Continued)**

**b) Investment Committee**

The Board appointed an Investment Committee whose role is to supervise and assist the Fund Manager of the company in its investment decisions. The Fund Manager reports to the Investment Committee on all investment purchases and disposals and also has to seek prior authorisation from the Committee before undertaking transactions with a value in excess of K100 million. Transactions with a value of up to K300 million require approval from the investment committee. Transactions in excess of K300 million require approval from the Board of Directors.

During the period under review, five Investment Committee meetings were held.

	Attendance	Attendance Record %
Mr. Terence Nsamala	5/5	100
Mr. Davis Manyenje	5/5	100
Mr. Peter Nkata	5/5	100

**c) Appointments and Remuneration Committee**

The Appointment and Remuneration Committee mandates were assigned to the Finance and Audit Committee by the Board in 2021. The decision took into account the set-up of the Company which does not handle a lot of appointments and remuneration matters.

**Ethical Standards**

The Board is fully committed to ensuring the company's affairs are conducted with integrity and that the highest ethical standards are maintained.

**Directors' fees**

Currently, the chairperson of the Board receives an annual fee of K4,324,320.00 and directors receive an annual fee of K3,786,760.00 each, together with sitting allowances at the rate of K204,485.00 for the chairperson and K166,619.00 for other directors for each meeting attended.

At the forthcoming annual general meeting, it will be proposed that fees and sitting allowances be reviewed based on recommendations from the Board.

**Management**

The company has a 3-year agreement with NICO Asset Managers Limited which commenced on 1 August 2021, under the terms of which NICO Asset Managers Limited is contracted as sole managers of the company.

Subject to the overall policy and direction of the Board, the Fund Manager has day-to-day administrative and general control and discretion in the management, in accordance with the investment policy, of the funds and investments of the company throughout the term of the agreement.

Specific duties of Fund Manager include:

- To ensure adequate administrative, secretarial, accounting, financial and internal control systems are maintained; and
- To ensure the establishment of acceptable custodial arrangements to ensure the safe custody of the company's assets.

NICO Asset Managers Limited is licensed as an investment/portfolio manager by the Reserve Bank of Malawi under the authority vested in it by the Financial Services Act.

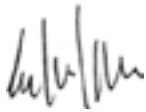


#### *Custodian*

During the year, the company was granted an exemption not to solicit custodial services by the Registrar of financial institutions because of the introduction of the Central Securities Depository (CSD). NITL shares have been dematerialized and are now held in CSD. The Company terminated the custodial services agreement with the previous custodians, Standard Bank Malawi plc and transferred the securities to a broker, Cedar Capital Limited.

#### *Independent auditors*

The shareholders at the 20<sup>th</sup> annual general meeting of the company approved the appointment of auditors for the year ended 31 December 2022, AMG Global, who replaced the previous auditors Deloitte. Remuneration for the current and previous auditors for the audit of the years ended 31 December 2022 and 31 December 2021 was K12.17 million and K11.00 million respectively.



Esther Gondwe  
(Chairperson)



Godfrey Msisha  
(Chairman - Finance and Audit)

The Malawi Companies Act, 2013 requires the directors to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the operating results for that year.

The Act also requires the directors to ensure that the company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act, 2013.

In preparing the financial statements the directors accept responsibility for ensuring the following:

- Maintenance of proper accounting records;
- Selection of suitable accounting policies and applying them consistently;
- Making judgements and estimates that are reasonable and prudent;
- Compliance with applicable Accounting Standards when preparing financial statements; and
- Preparation of financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

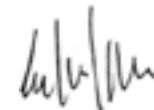
The directors also accept responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to maintain adequate systems of internal controls to prevent and detect fraud and other irregularities.

The directors have made an assessment of the ability of the company to continue as a going concern and have no reason to believe that the business will not be a going concern in the year ahead.

The directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the company and of its operating results.

#### *Approval of the financial statements*

The financial statements of the company as indicated above, were approved by the board of directors on 23 March 2023 and were signed on its behalf by:



Esther Gondwe  
(Chairperson)



Godfrey Msisha  
(Chairman - Finance and Audit)

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## INDEPENDENT AUDITOR'S REPORT

To the shareholders of National Investment Trust plc

### Opinion

We have audited the financial statements of National Investment Trust plc (the company) set out on pages 38 to 65, which comprise the statement of financial position as at 31 December 2022, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the company as at 31 December 2022, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and the requirements of the Malawi Companies Act, 2013.

### Basis Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) and other independence requirements applicable to performing audits of financial statements in Malawi. We have fulfilled our other ethical responsibilities in accordance with these requirements and IESBA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters are supposed to be addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### Key Audit Matter

Valuation of unlisted shares in Continental Holdings Limited

On 30<sup>th</sup> September 2022, National Investment Trust Plc acquired 7,128,640 unlisted shares in Continental Holdings Limited for a consideration of MK1,154,839,680. By virtue of being unlisted shares inherently the valuation of these shares at year end is subjective and requires significant application of judgement. The company had the challenge to ensure that the investee's financial statements being used as a basis of computation of fair value have their financial assets valued in accordance with IFRS 13-Fair value measurement.

#### How the matter was addressed

We obtained a share valuation report done by Bridgepath Capital Limited and agreed the figures in National Investment Trust Plc financial statement to the valuation report. We reviewed the report and established that the valuer used market approach to value the unlisted shares. Market approach measures value based on current pricing statistics for companies which are considered similar to those being measured. We noted that the valuer used prior year audited financial statements and current year November

management accounts for the investee company as a basis of the valuation. We reviewed the qualifications, experience and independence of the valuer. We noted no exceptions.

Based on our procedures above, we are satisfied that the unlisted shares are fairly valued.

### Other Information

The directors are responsible for the other information. The other information comprises: the Directors' Report and the Statement of Directors' Responsibilities, as required by the Malawi Companies Act, 2013; the Investment Policy and the Fund Manager's Report, all of which we obtained prior to the date of this auditor's report. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Malawi Companies Act, 2013 and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.



## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Ali Nyondo.



AMG Global  
Chartered Accountants  
Blantyre, Malawi

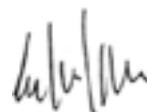
28 March 2023

STATEMENT OF FINANCIAL POSITION

At 31 December 2022

Figures in Thousand Malawi Kwacha	Note(s)	2022	2021
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents	6	78,265	212,402
Dividends receivable	12	-	21,618
Other receivables		85	4,044
Equity investments	7(a)	24,256,623	17,452,887
<b>Total Assets</b>		<b>24,334,973</b>	<b>17,690,951</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Share capital	8	2,700	2,700
Share premium	8	169,550	169,550
Retained earnings	8	23,851,266	17,269,478
		<b>24,023,516</b>	<b>17,441,728</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred tax	11	135,815	101,536
<b>Current liabilities</b>			
Trade and other payables	9	170,178	143,876
Income tax payable	10	5,464	3,811
Total current liabilities		175,642	147,687
<b>Total liabilities</b>		<b>311,457</b>	<b>249,223</b>
<b>Total Equity</b>		<b>24,334,973</b>	<b>17,690,951</b>

The financial statements of the company were approved and authorized for issue by the Board of Directors on 23 March 2023 and were signed on its behalf by:



Esther Gondwe  
(Chairperson)



Godfrey Msisha  
(Chairman - Finance and Audit)

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

Figures in Thousand Malawi Kwacha	Note(s)	2022	2021
<b>Revenue</b>			
Dividend income	12	713,687	607,660
Interest income	13	56,628	23,345
<b>Total revenue</b>		<b>770,315</b>	<b>631,005</b>
<b>Expenditure</b>			
Auditor's remuneration		(12,233)	(10,925)
Directors' remuneration - fees		(27,045)	(22,274)
Directors' remuneration - allowances		(11,443)	(9,949)
Board meeting expenses		(275)	(305)
Management fees		(114,352)	(85,322)
Listing expenses		(28,000)	(26,621)
Transfer secretarial fees		(7,689)	(7,689)
Communication costs		(17,572)	(21,422)
Consultancy and legal fees		(5,000)	(403)
Other expenses	15	(22,703)	(18,942)
<b>Total expenditure</b>		<b>(246,312)</b>	<b>(203,852)</b>
<b>Profit before fair value gain on equity investments</b>		<b>524,003</b>	<b>427,153</b>
Fair value gain on equity investments	7(a)	6,576,255	4,282,457
<b>Profit before tax</b>		<b>7,100,258</b>	<b>4,709,610</b>
Income tax charge	10	(106,720)	(38,719)
<b>Profit for the year</b>		<b>6,993,538</b>	<b>4,670,891</b>
<b>Earnings per share (tambala)</b>			
Basic and diluted	16	<b>5,180</b>	<b>3,460</b>

There were no items of other comprehensive income

**STATEMENT OF CHANGES IN EQUITY**

For the year ended 31 December 2022

Figures in Thousand Malawi Kwacha	Share Capital	Share Premium	Retained earnings	Total
<b>Balance at 1 January 2021</b>	<b>2,700</b>	<b>169,550</b>	<b>12,787,587</b>	<b>12,959,837</b>
Profit for the year	-	-	4,670,891	4,670,891
Dividend declared	-	-	(189,000)	(189,000)
	-	-	<b>4,481,891</b>	<b>4,859,891</b>
<b>Balance at 31 December 2021</b>	<b>2,700</b>	<b>169,550</b>	<b>17,269,478</b>	<b>17,441,728</b>
Balance at 1 January 2022	2 700	169,550	17,269,478	17,441,728
Profit for the year	-	-	6,993,538	6,993,538
Dividend declared	-	-	(411,750)	(411,750)
	-	-	<b>6,581,788</b>	<b>6,581,788</b>
<b>Balance at 31 December 2022</b>	<b>2,700</b>	<b>169,550</b>	<b>23,851,266</b>	<b>24,023,516</b>

**Dividend per share**

Dividend per share is calculated by dividing the total dividends declared in the period by the weighted average number of ordinary shares in issue during the period.

	2022	2021
Total dividends declared in the period (in thousand Malawi kwacha)	411,750	189,000
Weighted average number of ordinary shares in issue (thousands)	135,000	135,000
<b>Dividend per share (Kwacha)</b>	<b>3.05</b>	<b>1.40</b>

**STATEMENT OF CASH FLOWS**

For the year ended 31 December 2022

Figures in Thousand Malawi Kwacha	Note(s)	2022	2021
<b>Cash flows from operating activities</b>			
Dividends received		735,305	590,190
Interest received		59,977	20,318
		<b>795,282</b>	<b>610,508</b>
Operating expenditure paid		(219,400)	(127,656)
		575,882	482,852
Tax paid		(70,788)	(52,909)
<b>Net cash generated from operating activities</b>		<b>505,094</b>	<b>429,943</b>
<b>Cash flows from investing activities</b>			
Disposal of shares	7(b)	1,184,635	502,500
Purchase of shares	7(b)	(1,412,116)	(808,131)
<b>Net cash used in investing activities</b>		<b>(227,481)</b>	<b>(305,631)</b>
<b>Cash flow from financing activities</b>			
Dividends paid		<b>(411,750)</b>	<b>(189,000)</b>
Net decrease in cash and cash equivalents		(134,137)	(64,688)
Cash and cash equivalents at the beginning of the period		212,402	277,090
Cash and cash equivalents at the end of the period	6	<b>78,265</b>	<b>212,402</b>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

1. Reporting entity

National Investment Trust plc is a limited liability company domiciled and incorporated in Malawi under the Malawi Companies Act, 2013.

The address of the company's registered office is Chibisa House, 19 Glyn Jones Road, Post Office Box 910, Blantyre, Malawi.

2. Adoption of new and revised International Financial Reporting Standards

2.1 Standards and Interpretations affecting amounts reported and/or disclosed in the financial statements

In the current year, the company has adopted those new and revised Standards and Interpretations issued by the International Accounting Standards Board and the International Financial Reporting Interpretations Committee of the International Accounting Standards Board that are relevant to its operations and are effective for annual reporting periods beginning on 1 January 2022.

The adoption of these new and revised Standards and Interpretations did not have a significant impact on the financial statements of the company.

2.2 Standards and Interpretations in issue, not yet effective

At the date of authorisation of these financial statements, the following standards and interpretations were in issue but not yet effective:

Effective date	Standard, Amendment or Interpretation
Annual reporting periods beginning on or after 1 January 2023	IFRS 17 Insurance Contracts
	IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts. IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach.

The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

Annual reporting periods beginning on or after 1 January 2023	Standard, Amendment or Interpretation
	Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)
	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

Annual reporting periods beginning on or after 1 January 2023	Standard, Amendment or Interpretation
	Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)
	The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

NOTES TO THE FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2022

2. Adoption of new and revised International Financial Reporting Standards (Continued)

2.2 Standards and Interpretations in issue, not yet effective (Continued)

Annual reporting periods beginning on or after 1 January 2022	Reference to the Conceptual Framework (Amendments to IFRS 3)
	The amendments update an outdated reference to the Conceptual Framework in IFRS 3 without significantly changing the requirements in the standard.
Annual reporting periods beginning on or after 1 January 2022	Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16)
	The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.
Annual reporting periods beginning on or after 1 January 2022	Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37)
	The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

2. Adoption of new and revised International Financial Reporting Standards (Continued)

2.2 Standards and Interpretations in issue, not yet effective (Continued)

Annual reporting periods beginning on or after 1 January 2023	Amendments to IFRS 17
	Amends IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 Insurance Contracts was published in 2017. The main changes are:
	<ul style="list-style-type: none"> <li>Deferral of the date of initial application of IFRS 17 by two years to annual periods beginning on or after 1 January 2023</li> <li>Additional scope exclusion for credit card contracts and similar contracts that provide insurance coverage as well as optional scope exclusion for loan contracts that transfer significant insurance risk</li> <li>Recognition of insurance acquisition cash flows relating to expected contract renewals, including transition provisions and guidance for insurance acquisition cash flows recognised in a business acquired in a business combination</li> <li>Clarification of the application of IFRS 17 in interim financial statements allowing an accounting policy choice at a reporting entity level</li> <li>Clarification of the application of contractual service margin (CSM) attributable to investment-return service and investment-related service and changes to the corresponding disclosure requirements</li> <li>Extension of the risk mitigation option to include reinsurance contracts held and non-financial derivatives</li> <li>Amendments to require an entity that at initial recognition recognizes losses on onerous insurance contracts issued to also recognize a gain on reinsurance contracts held</li> <li>Simplified presentation of insurance contracts in the statement of financial position so that entities would present insurance contract assets and liabilities in the statement of financial position determined using portfolios of insurance contracts rather than groups of insurance contracts</li> </ul>
	Additional transition relief for business combinations and additional transition relief for the date of application of the risk mitigation option and the use of the fair value transition approach
	Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
Annual reporting periods beginning on or after 1 January 2023	The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

2. Adoption of new and revised International Financial Reporting Standards (Continued)

2.2 Standards and Interpretations in issue, not yet effective (Continued)

Annual reporting periods beginning on or after 1 January 2023	Definition of Accounting Estimates (Amendments to IAS 8)
	The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.
Annual reporting periods beginning on or after 1 January 2023	Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)
	The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

The directors anticipate that these Standards and Interpretations in future periods will have no significant impact on the financial statements of the company.

3. Significant accounting policies

**Statement of compliance**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

**Basis of preparation**

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at revalued amounts of fair values at the end of each reporting period as explained below.

The accounting policies set out below have been consistently applied by the company and are consistent with those used in the previous period.

(a) Financial instruments

**Classification of financial assets and financial liabilities**

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). IFRS 9 classification is generally based on the business model in which a financial asset is managed and its contractual cash flows. The standard eliminates the existing IAS 39 categories of held-to-maturity, loans and receivables and available-for-sale.

Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never bifurcated. Instead, the whole hybrid instrument is assessed for classification.

### 3. Significant accounting policies (Continued)

#### (a) Financial instruments (Continued)

##### Classification of financial assets and financial liabilities (Continued)

IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities. However, although under IAS 39 all fair value changes of liabilities designated under the fair value option were recognised in profit or loss, under IFRS 9 fair value changes are generally presented as follows:

- The amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and
- The remaining amount of change in the fair value is presented in profit or loss.

Financial liabilities have been classified and measured under IFRS 9 at amortised cost using effective interest rate method. There has been no change in the classification and measurement of financial liabilities on the adoption of IFRS 9.

##### Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model. The new impairment model also applies to certain loan commitments and financial guarantee contracts but not to equity investments. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

The expected credit loss model requires the company to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. It is no longer necessary for a credit event to have occurred before credit losses are recognised.

IFRS 9 requires the company to measure the loss allowance for a financial asset at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial asset has increased significantly since initial recognition, or if the financial asset is a purchased or originated credit-impaired financial asset.

However, if the credit risk on a financial instrument has not increased significantly since initial recognition (except for a purchased or originated credit-impaired financial asset), the Company is required to measure the loss allowance for that financial asset at an amount equal to 12-months ECL.

IFRS 9 also requires a simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables, contract assets and lease receivables in certain circumstances.

The directors have reviewed the credit risk of financial assets held as at 31 December 2022 and concluded that there is no significant impact on the carrying amounts of the financial assets as regards impairment of financial assets.

#### Financial instruments

##### Derecognition

Financial assets are derecognized when the company has transferred the right to receive the contractual cash flows in which substantially all the risks and rewards of ownership of the financial assets are transferred or when the contractual rights to cash flows from the assets expire. Financial liabilities are de-recognised when the obligation is extinguished.

### 3. Significant accounting policies (Continued)

#### (a) Financial instruments (Continued)

##### Cash and cash equivalents

Cash and cash equivalents comprise demand deposits and other short term highly liquid instruments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

##### Treasury bills

Treasury bills (including repos) are classified as measured at amortised cost and are initially measured at fair value.

##### Other financial assets

Other financial assets include dividends receivable and income notes which are measured at amortised cost using the effective interest method less impairment.

The amortised cost is the amount at which the financial asset is measured at initial recognition less principal repayments plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount recognized and the maturity amount minus any reduction for impairment.

##### Trade and other payables

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method.

##### Equity investments

The company's equity investments are classified as at fair value through profit or loss. Gains or losses arising from changes in fair value are included in profit or loss.

##### Offsetting

Financial assets and liabilities are setoff and the net amount presented in the statement of financial position when, and only when the company has legal right to set off the amounts and intends to either settle on a net basis or to realize the asset and settle the liability simultaneously. Income and expenses are presented on net basis only when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions.

#### (b) Revenue recognition

Interest income is recognized in profit or loss for all interest-bearing instruments on an accrual basis using the effective interest method. Dividend income is recognized when the company has an unconditional right to receive the income (for quoted equity investments, this is usually the date on which trading in the underlying investment becomes "ex-dividend").

#### (c) Expenses

All expenses, including management fees are recognised in profit or loss on an accrual basis.

#### (d) Taxation

Income tax expense represents the sum of the tax currently payable and deferred.

##### Current tax

The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit as reported in the statement of comprehensive income because of items of income or expense that are taxable or deductible in other periods and items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.



3. Significant accounting policies (Continued)

(d) Taxation (Continued)

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the company's financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax

Current and deferred tax are recognised as an expense or income in the statement of comprehensive income, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in the accounting for the business combination.

(e) Earnings per share

The company is listed on the Malawi Stock Exchange and therefore presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by the profit or loss attributable to ordinary shareholders of the company by the weighted average number of shares outstanding during the period. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of shares outstanding for the effects of all dilutive potential ordinary shares.

(f) Segment reporting

The fund manager reports to the Board on a quarterly basis the income and expenditure and investment portfolio performance of the company as a whole. Based on the nature of the business there is only one segment and there are no separate geographical or operational segments.

(g) Comparatives

Where necessary comparative figures have been adjusted to conform to changes in presentation in the current period.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, which are described in note 3, management are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4.1 Critical judgements in applying the company's accounting policies

There were no critical judgments in applying the company's accounting policies.

5. Determination of fair values

The company's equity investments and disclosures require determination of fair value for both financial assets and liabilities. Fair values have been determined for measurement and or disclosure purposes as described in note 18 to the financial statements. When applicable, further information about the assumptions made in determining fair value is disclosed in the notes specific to that financial asset or liability.

Other receivables

The fair value of other receivables is estimated as the present value of the future cash flows discounted at market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

Equity investments

All equity investments are held at fair value through profit or loss. The fair value of equity investments traded on the stock market is determined with the reference to the quoted prices of the securities at the reporting date. Valuation of unquoted equity securities is determined using valuation techniques.

6. Cash and cash equivalents

	2022	2021
Term deposits	35,000	185,632
Current account balances	<u>43,265</u>	<u>26,770</u>
Total cash and cash equivalents	<b><u>78,265</u></b>	<b><u>212,402</u></b>

The term deposits with various local banks earned interest at rates ranging from 12.00% to 15.00% (2021: from 10.00% to 12.70%). Current account balances do not earn any interest and are held at First Capital Bank Plc and National Bank of Malawi Plc.

7a. Equity investments

	2022	2021
Cost	5,668,518	4,417,703
Cumulative adjustment for fair value	<u>18,588,105</u>	<u>13,035,184</u>
Fair value	<u>24,256,623</u>	<u>17,452,887</u>
Net increase in fair value of equity investments	<b><u>6,576,255</u></b>	<b><u>4,282,457</u></b>



**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
For the year ended 31 December 2022

7b. **Equity investments (Continued)**

<i>Figures in thousand Malawi Kwacha</i>	2021 Carrying amount	Additions	Disposals	Fair value adjustments	2022 Carrying amount	Cost
<b>Year ended 31 December 2022</b>						
<b>QUOTED SHARE INVESTMENTS</b>						
<u>Ilovo Sugar (Malawi) plc</u> 1 700 454 (2021: 2 027 862) Ordinary shares of 2t each at MSE value of K540.00 (2021: K300.00) per share.	608,359	-	99,996	409,883	918,246	7,096
<u>Press Corporation plc</u> 1 763 358 (2021: 1 763 358) Ordinary shares of 1t each at MSE value of K2 181.37 (2021: K1 900.00) per share.	3,350,381	-	-	496,156	3,846,537	671,074
<u>National Bank of Malawi plc</u> 3 810 295 (2021: 4 026 513) Ordinary shares of K1 each at MSE value of K1 542.05 (2021: K810.12) per share.	3,261,959	-	200,002	2,813,709	5,875,666	51,858
<u>Sunbird Tourism plc</u> 37 000(2021: 37 000) Ordinary shares of 5t each at MSE value of K92.06 (2021: K90.01) per share	3,330	-	-	76	3,406	1,555
<u>NICO Holdings plc</u> 12 640 331 (2021: 12 640 331) Ordinary shares of 20t each at MSE value of K60.00 (2021: K55.00) per share	695,218	-	-	63,202	758,420	221,276
<u>FMB capital Holdings plc</u> 10 164 367 (2021: 10 429 187) Ordinary shares of 5t each at MSE value of K110.86 (2021: K80.00) per share	834,335	6,095	34,328	320,720	1,126,822	978,472
<u>MPICO plc</u> 12 390 741 (2021: 12 390 741) Ordinary shares of 5t each at MSE value of K20.64 (2021: K20.70) per share	256,488	-	-	(743)	255,745	195,638
<u>Telekom Networks Malawi plc</u> 33 565 081 (2021: 34 565 081) Ordinary shares of 4t each at MSE value of K14.00 (2021: K22.92) per share	769,312	-	-	(299,401)	469,911	381 410
<u>Standard Bank Malawi Plc</u> 2 392 190 (2021: 2 779 332) Ordinary shares at MSE value of K2 000.16 (2021: K1 400.00) per share	3,891,065	-	649,508	1,543,206	4,784,763	24,338
<u>Old Mutual plc</u> 76 108 (2021: 76 108) ordinary shares at MSE value of K985.00 (2021: K2 099.99) per share	159,826	-	-	(84,860)	74,966	58,305
<u>NBS Bank plc</u> 58 316 945 (2021: 58 316 945) Ordinary shares of 50t each at MSE value of K34.00 (2021: K22.90) per share	1,335,458	-	-	647,318	1,982,776	367,694

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
For the year ended 31 December 2022

7b. **Equity investments (Continued)**

<i>Figures in thousand Malawi Kwacha</i>	2021 Carrying amount	Additions	Disposals	Fair value adjustments	2022 Carrying amount	Cost
<b>Year ended 31 December 2022</b>						
<b>QUOTED SHARE INVESTMENTS</b>						
<u>Airtel Malawi plc</u> 16 500 000 (2021: 13 000 000) Ordinary shares of K1 each of MSE value per share K56.64 (2021: 40.00)	520,000	151,180	-	263,380	934,560	385,480
<u>ICON Properties plc</u> 66 797 612 (2021: 83 016 222) Ordinary shares of K1 each at MSE value K11.95 (2021: K12.89) per share	1,070,079	-	200,801	(71,047)	798,231	584,480
<u>FDH Bank plc</u> 50 151 517 (2021: 44 090 910.00) Ordinary shares of K1 each at MSE value K17.37 (2021: 15.81) per share	697,077	100,001	-	74,054	871,132	585,002
<b>Total quoted share investments</b>	<u>17,452,887</u>	<u>257,276</u>	<u>1,184,635</u>	<u>6,175,653</u>	<u>22,701,181</u>	<u>4,513,678</u>
<b>UNQUOTED SHARE INVESTMENTS</b>						
<u>Continental Holdings Limited</u> 7 128 640 (2021: -) Ordinary shares of K1 each at a fair value of K218.20 (2021: -)		1,154,840	-	400,602	1,555,442	1,154,840
<b>Total unquoted share investments</b>	-	<u>1,154,840</u>	-	<u>400,602</u>	<u>1,555,442</u>	<u>1,154,840</u>
<b>Total Share Investments</b>	<u>17,452,887</u>	<u>1,412,116</u>	<u>1,184,635</u>	<u>6,576,255</u>	<u>24,256,623</u>	<u>5,668,518</u>

During the year, the company invested in private equity in Continental Holdings Limited (CHL), a company in the financial services sector and has seven subsidiaries to its name, namely, CDH investment bank Limited, Continental Asset Management Limited, Continental Capital Limited, CDH Commodities Limited, Continental Properties Limited, Continental Pension Services Company Limited, Continental Asset Management Nominees Limited. The company was offering shares to potential investors as part of a restructuring process where the majority shareholder, TransAfrica Holdings Limited was selling 132,364,772 from its total shares of 167,403,687 in the company. National Investment Trust plc purchased 7,128,640 shares at a total consideration of K1,154.84 million and NITL plc shareholding in the company after the transaction is at 4.26%.

NOTES TO THE FINANCIAL STATEMENTS (Continued)  
For the year ended 31 December 2022

7b. Equity investments (Continued)

Figures in thousand Malawi Kwacha	2020 Carrying amount	Additions	Disposals	Fair value adjustments	2021 Carrying amount	Cost
<b>Year ended 31 December 2021</b>						
<b>QUOTED SHARE INVESTMENTS</b>						
<u>Illovo Sugar (Malawi) plc</u> 2 027 862 (2020: 2 027 862) Ordinary shares of 2t each at MSE value of K300.00 (2020: K80.48) per share.	163,202	-	-	445,157	608,359	8,461
<u>Press Corporation plc</u> 1 763 358 (2020: 1 734 015) Ordinary shares of 1t each at MSE value of K1 900.00 (2020: K1 309.47) per share.	2,270,641	43,867	-	1,035,873	3,350,381	671,074
<u>National Bank of Malawi plc</u> 4 026 513 (2020: 4 026 513) Ordinary shares of K1 each at MSE value of K810.12 (2020: K650.00) per share.	2,617,233	-	-	644,726	3,261,959	53,389
<u>Sunbird Tourism plc</u> 37 000 (2020: 37 000) Ordinary shares of 5t each at MSE value of K90.01 (2020: K105) per share	3,885	-	-	(555)	3,330	1,555
<u>NICO Holdings plc</u> 12 640 331 (2020: 11 451 682) Ordinary shares of 20t each at MSE value of K55.00 (2020: K52.00) per share	595,487	64,772	-	34,959	695,218	221,276
<u>FMB capital Holdings plc</u> 10 429 187 (2020: 10 429 187) Ordinary shares of 5t each at MSE value of K80.00 (2020: K22.04) per share	229,859	-	-	604,476	834,335	986,682
<u>MPICO plc</u> 12 390 741 (2020: 10 045 297) Ordinary shares of 5t each at MSE value of K20.70 (2020: K21.00) per share	210,951	48,786	-	(3,249)	256,488	195,638
<u>Telekom Networks Malawi plc</u> 34 565 081 (2020: 34 565 081) Ordinary shares of 4t each at MSE value of K22.92 (2020: K20.07) per share	693,721	-	17,500	93,091	769,312	381,410
<u>Standard Bank Malawi Plc</u> 2 779 332 (2020: 2 779 332) Ordinary shares at MSE value of K1 400 (2020: K1 046.39) per share	2,908,265	-	-	982,800	3,891,065	26,525
<u>Old Mutual plc</u> 76 108 (2020: 0) ordinary shares at MSE value of K2 099.99 per share	-	58,305	-	101,521	159,826	58,305
<u>NBS Bank plc</u> 58 316 945 (2020: 58 316 945) Ordinary shares of 50t each at MSE value of K22.90 (2020: K21.60) per share	1,259,464	-	-	75,812	1,335,458	367,694
<b>Total quoted share investments</b>	<b>12,864,799</b>	<b>808,131</b>	<b>502,500</b>	<b>4,282,457</b>	<b>17,452,887</b>	<b>4,417,703</b>

NOTES TO THE FINANCIAL STATEMENTS (Continued)  
For the year ended 31 December 2022

7b. Equity investments (Continued)

Figures in thousand Malawi Kwacha	2020 Carrying amount	Additions	Disposals	Fair value adjustments	2021 Carrying amount	Cost
<b>Year ended 31 December 2021</b>						
<b>QUOTED SHARE INVESTMENTS</b>						
<u>MPICO plc</u> 12 390 741 (2020: 10 045 297) Ordinary shares of 5t each at MSE value of K20.70 (2020: K21.00) per share	210,951	48,786	-	(3,249)	256,488	195,638
<u>Telekom Networks Malawi plc</u> 34 565 081 (2020: 34 565 081) Ordinary shares of 4t each at MSE value of K22.92 (2020: K20.07) per share	693,721	-	17,500	93,091	769,312	381,410
<u>Standard Bank Malawi Plc</u> 2 779 332 (2020: 2 779 332) Ordinary shares at MSE value of K1 400 (2020: K1 046.39) per share	2,908,265	-	-	982,800	3,891,065	26,525
<u>Old Mutual plc</u> 76 108 (2020: 0) ordinary shares at MSE value of K2 099.99 per share	-	58,305	-	101,521	159,826	58,305
<u>NBS Bank plc</u> 58 316 945 (2020: 58 316 945) Ordinary shares of 50t each at MSE value of K22.90 (2020: K21.60) per share	1,259,464	-	-	75,812	1,335,458	367,694
<u>Airtel Malawi plc</u> 13 000 000 (2020: 10 000 000) Ordinary shares of K1 each of MSE value per share K40.00 (2020: 27.98)	279,800	107,400	-	132,800	520,000	234,300
<u>ICON Properties plc</u> 83 016 222 (2020: 133 016 222) Ordinary shares of K1 each at MSE value K12.89 (2020: K12.27) per share	1,632,109	-	485,000	(77,030)	1,070,079	726,393
<u>FDH Bank plc</u> 44 090 910.00 (2020: 0) Ordinary shares of K1 each at MSE value K15.81 per share	-	485,001	-	212,076	697,077	485,001
<b>Total quoted share investments</b>	<b>12,864,799</b>	<b>808,131</b>	<b>502,500</b>	<b>4,282,457</b>	<b>17,452,887</b>	<b>4,417,703</b>

7c. Equity investments (Continued)

At the end of the reporting period, the equity investment portfolio comprised:

	Percentage Shareholding		Number of shares	
	2022	2021	2022	2021
ICON Properties plc	1.0	1.2	66,797,612	83,016,222
NBS Bank plc	2.0	2.0	58,316,945	58,316,945
Standard Bank Malawi plc	1.0	1.2	2,392,190	2,779,332
National Bank of Malawi plc	0.8	0.9	3,810,295	4,026,513
Illovo Sugar (Malawi) plc	0.2	0.3	1,700,454	2,027,862
Press Corporation plc	1.5	1.5	1,763,358	1,763,358
NICO Holdings plc	1.2	1.2	12,640,331	12,460,331
MPICO plc	0.5	0.5	12,390,741	12,390,741
Telekom Networks Malawi plc	0.3	0.3	33,565,081	33,565,081
First Capital Bank plc	0.4	0.4	10,164,367	10,429,187
Sunbird Tourism plc	<0.1	<0.1	37,000	37,000
Old Mutual plc	<0.1	<0.1	76,108	76,108
Airtel Malawi plc	0.2	0.1	16,500,000	13,000,000
FDH Bank plc	0.7	0.6	50,151,517	44,090,910
Continental Holdings Limited	4.3	-	7,128,640	-

8. Capital and reserves

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meeting of the company. All shares rank equally with regard to the company's residual assets.

Share capital	2022	2021
<i>Figures in Thousand Malawi Kwacha</i>		
<i>Authorized share capital</i>		
150 000 000 ordinary shares of 2 tambala each	3,000	3,000
<i>Issued and fully paid</i>		
135 000 000 ordinary shares of 2 tambala each	2,700	2,700

Share premium

Share premium of K169.55 million (2021: K169.55 million) relates to the amount in excess of the nominal share price paid for during the initial share offer to the public.

Retained earnings

Included in the reported retained earnings of K23,851 million (2021: K17,269 million) are unrealized gains on the changes in fair value of equity investments held at fair value through profit or loss net of related deferred tax for shares that were acquired during the year totaling K18,554 million (2021: K13,050 million) which are not distributable in terms of the Companies Act and profits on investment switches totaling K5,051 million (2021: K4,027 million) which are not distributable in terms of the company's investment policy.

9. Trade and other payables	2022	2021
Accrued expenses	77,920	70 758
Unclaimed dividends payable to shareholders	92,258	73 118
Total trade and other payables	<b>170,178</b>	<b>143,876</b>

The directors consider that the carrying amount of payables approximates to its fair value. These amounts do not attract any interest.

10. Taxation	2022	2021
<u>Payables</u>		
Opening balance	3,811	3,261
Income tax charge	11,556	4,741
Withholding tax paid	(6,092)	(930)
Income tax paid	(3,811)	(3,261)
Closing balance	5,464	3,811
<u>Charge</u>		
Income tax	11,556	4,741
Dividend tax (note 12)	60,885	48,718
Deferred tax (note 11)	34,279	(14,740)
	106,720	38,719

	%	%
<u>Reconciliation of effective to standard rates of tax</u>		
Standard rate	30.00	30.00
Permanent differences	(29.50)	(29.18)
Effective rate	1.50	0.82

Permanent differences are due to unrealized movements on revaluation of equity investments which are not taxable and dividends which are taxed at a lower rate of 10% compared to the standard rate of 30%.

# 11. Deferred tax

Deferred tax is calculated, in full, on all temporary differences using the enacted tax rate of 30% (2021: 30%). The movement on the deferred tax account is as follows:

	2022	2021
At the beginning of the period	101,536	116,276
Income statement (note 10)	34,279	(14,740)
At end of the period	135,815	101,536
<u>Analysed as</u>		
Capital gains on equity investments	135,815	101,536

# 12. Dividend income

	2022	2021
FMB Capital Holdings plc	26,794	12,606
MPICO plc	4,089	4,300
National Bank of Malawi plc	215,477	133,681
NICO Holdings plc	37,921	34,051
Press Corporation Plc	61,718	53,931
Standard Bank Malawi plc	78,647	174,098
Telekom Networks Malawi plc	8,392	94,99
Sunbird Tourism plc	19	-
Old Mutual plc	3,343	2,452
ICON Properties plc	16,031	19,924
NBS Bank plc	93,307	75,812
Illovo Sugar (Malawi) Limited	33,260	32,445
Airtel Malawi plc	45,725	21,000
FDH Bank plc	88,964	33,861
Total dividends	713,687	607,660
Dividend tax withheld (note 10)	(60,885)	(48,718)
Net dividend income received	652,802	558,942

As at 31 December 2022, there were no dividends receivable from investee companies. In the prior year, dividends receivable of K21.6 million relate to dividends from FDH Bank plc at K0.43471 tambala per share and Old Mutual plc at K32.21 tambala per share.

# 13. Interest income

Deposits	56,628	23,345
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# 14. Management fees

Fee payable	98,156	73,476
Value added tax	16,196	11,846
Total management fees	114,352	85,322

Management fees are computed in accordance with the Fund Manager's agreement. The fees are computed as a percentage of the net assets of National Investment Trust plc and the total dividends declared to its shareholders in each reporting period. The fees to NICO Asset Managers Limited are payable quarterly on account of 80% of the fees based on quarterly management accounts payable within one month of the quarter end, and the balance is payable post year end based on audited accounts upon certification by independent auditors.

# 15. Other expenses

	2022	2021
Bank charges	713	1,707
Custodial fees	2,307	1,612
Brokerage	15,068	15,623
Malawi Accountants Board	4,415	-
Public relations	200	-
	22,703	18,942

## 16. Earnings per share

### Basic earnings per share

The calculation of basic earnings per share as at 31 December 2022 is based on the profit attributable to ordinary shareholders of K6,994 million (2021: K4,671 million) and the weighted average number of ordinary shares in issue for the year ended 31 December 2022 of 135 000 000 (2021: 135 000 000).

Other expenses	2022	2021
Profit attributable to ordinary shareholders (K'000)	6,993,538	4,670,891
Weighted average number of ordinary shares in issue ('000)	135,000	135,000
Earnings per share (tambala)	5,180	3,460

### Diluted earnings per share

The diluted earnings per share are equal to the basic earnings per share as there are no dilutive potential ordinary shares.

## 17. Financial risk management

Categories of financial instruments	Fair value through profit and loss	Amortised cost	Total
31 December 2022			
<b>Financial assets</b>			
Cash and cash equivalents	-	78,265	78,265
Dividend receivable	-	-	-
Other receivables	-	85	85
Equity investments	24,256,623	-	24,256,623
	24,256,623	78,350	24,334,973
<b>Financial liabilities</b>			
Trade and other payables		170,178	170,178

Categories of financial instruments	Fair value through profit and loss	Amortised cost	Total
31 December 2021			
<b>Financial assets</b>			
Cash and cash equivalents	-	212,402	212,402
Dividend receivable	-	21,618	21,618
Other receivables	-	4,044	4,044
Equity investments	17,452,887	-	17,452,887
	17,452,887	238,064	17,690,951
<b>Financial liabilities</b>			
Trade and other payables	-	143,876	143,876

## 17. Financial risk management (Continued)

### Overview (Continued)

#### Overview

The company has exposure to the following risks from use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the company's exposure to each of the above risks, the company's objectives, policies, and processes for measuring and managing risk, and the company's management of capital. Further qualitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the company's risk management framework. The Board has developed risk management policies principal among which is the Investment Policy outlined on page 1 of the Annual Report. The Investment Committee and the Fund Manager are expected to adhere at all times to the Investment Policy. The Investment Committee reports regularly to the Board of Directors on its activities.

The company's Finance and Audit Committee oversees how management monitors compliance with the company risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the company. The Finance and Audit Committee is assisted in its oversight role by the Fund Managers' internal audit department which undertakes reviews of risk management controls and procedures, the results of which are reported to the Finance and Audit Committee.

#### Credit risk

Credit risk is the risk of financial loss to the company if a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the company's interest, income notes receivable and cash and cash equivalents. Money market investments are limited to deposits with licensed financial institutions.

#### Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another asset. The company's approach to managing liquidity risk is to ensure, as far as possible, that it has sufficient liquidity to meet liabilities, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

The company maintains sufficient funds in liquid money market investments to meet foreseeable operating expenses.

17. Financial risk management (Continued)

Liquidity risk (Continued)

The company's Investment Policy sets maximum permitted limits for investments.

Compliance position as at period-end	Permitted limit	2022	2021
1. Equities			
% of portfolio invested in equities	100%	93%	99%
% of portfolio in individual listed company	40%	24%	22%
% of portfolio in individual unlisted company	10%	6%	0%
2. Bonds			
% of portfolio invested in bonds	25%	Nil	Nil
% of portfolio in bonds of single private sector issues	10%	Nil	Nil
3. Property			
% of portfolio invested in property companies/equities	25%	4%	8%
% of portfolio in a single property investment	10%	3%	6%
4. Cash equivalents	100%	0.3%	1%
5. Speculative investments	Nil	Nil	Nil

The overall liquidity gap as at 31 December 2022 was K24,165 million (2021: K17,547 million) based on the entity's financial instruments as detailed on page 41.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity and commodity prices will affect the company's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

The company's market risk is managed on a daily basis by the Fund Manager in accordance with policies and procedures in place. The company's overall market positions are monitored by the Finance and Audit Committee and reported on a quarterly basis to the Board of Directors.

Currency risk

As the company has no significant foreign denominated financial assets, and has no foreign denominated financial liabilities, the company's income and operating cash flows are substantially independent of changes in foreign exchange rates.

17. Financial risk management (Continued)

Market risk (Continued)

Interest rate risk

The Fund Manager is not permitted to borrow funds without the sanction of the Board of Directors who, in turn, may not, unless sanctioned by an ordinary resolution of shareholders, borrow in excess of the aggregate of the company's share capital and reserves. However, since incorporation, the Directors have not exercised their borrowing powers and, accordingly, the company is not exposed to interest risk on borrowings.

At the reporting date, the company has only invested in fixed rate financial instruments. The company does not account for any fixed rate financial instruments at fair value as the debt securities market is fairly illiquid. Therefore, a change in interest rates at the reporting date would not affect profit or loss or equity.

Equity price risk

Equity price risk arises from the company's held for trading equity investments. The company seeks to manage individual equity price risk through diversification of its investments within its Investment Policy guidelines on individual investments and/or broad classes of investments. The Fund Manager and the Investment Committee manage risk on an ongoing basis. Due to the nature of its business, the company is always exposed to overall market price risk.

Sensitivity analysis – equity price risk

The carrying value at 31 December 2022 of shares listed on the Malawi Stock Exchange (MSE) represents 93% (2021: 99%) of the company's total asset value. Although not directly correlated, it could be expected that the overall value of this portfolio would move broadly in line with movements in the MSE all Share Index. The all share index at 31 December 2022 was 62,036 (2021: 45,368). An overall increase of 0.5% in share prices would have resulted in a capital gain of K113.5 million (2021: K87.3 million) recognised in profit or loss. An overall decrease of 0.5% in share prices would have resulted in a capital loss of identical magnitude. The small percentage has been used because the market has been relatively illiquid over the reporting period.

Capital management

The Board's policy is to maintain a strong capital base to maintain investor and market confidence. Capital consists of share capital, share premium and retained earnings. The Board also monitors the level of dividends to shareholders.

The Board's policy is to maintain its capital base in real terms by not distributing unrealized fair value gains on revaluation of investments or realised profit on sale of equity investments.

18. Related parties

Fund Manager

The company entered into a management agreement with NICO Asset Managers, a licensed investment/portfolio manager. Management fees for the year amounted to K114.4 million (2021: K85.3 million). Included in trade and other payables at 31 December 2022, is management fees payable of K58.1 million (2021: K56.1 million).

As required by the Malawi Stock Exchange listing rules, NICO Asset Managers Limited, as the fund manager, is required to hold a minimum of 5% of the issued share capital of the company. NICO Asset Managers Limited does not hold any shares in NITL. The company was granted an exemption by the Malawi Stock Exchange to allow NICO Asset Managers Limited to act as fund manager.

At 31 December 2022, various pension funds and entities whose assets are managed by NICO Asset Managers Limited held 20,852,815 (2021: 28,588,460) shares in the company.

Directors' fees

Total directors' fees are disclosed in the statement of comprehensive income.

18. Related parties (Continued)

*Directors' interest*

As at 31 December 2022, the total direct and indirect interests of the directors and related parties thereto in the issued share capital of the company were as follows:

	2022	2021
G Msisha	100,000	100,000
T Nsamala	-	-
M Kadumbo	-	-
E Gondwe	-	-
L Machinjili	-	-
P Nkata	-	-
D Manyenje	-	-

19. Critical accounting estimates and judgments

19.1 Fair values of financial instruments

Many of the company's financial instruments are measured at fair value in the statement of financial position and it is usually possible to determine their fair values within a reasonable range of estimates.

For the majority of the company's financial instruments, quoted market price are readily available.

Fair value estimates are made at a specific point in time, based on market conditions and information about the financial instruments. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision.

For certain financial instruments, including other receivables and other payables, the carrying amounts approximate fair value due to the immediate or short-term nature of these financial instruments.

The carrying amounts of all the company's financial assets and financial liabilities at the reporting date approximated their fair values.

**Fair value hierarchy**

The table below analyses financial instruments carried at fair value by valuation. The different levels have been defined as follows: -

- Level 1: quoted prices (unadjusted) in active markets for identical instruments;
- Level 2: input other than quoted prices included within level 1 that are observable for the asset or liability either directly or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liabilities that are not based on observable data.

19. Critical accounting estimates and judgments (Continued)

19.1 Fair values of financial instruments (Continued)

	<b>Level 1</b> <b>K'000</b>	<b>Level 2</b> <b>K'000</b>	<b>Level 3</b> <b>K'000</b>	<b>Total</b> <b>K'000</b>
<b>31 December 2022</b>				
Listed equity investments	22,701,181	-	-	22,701,181
Unlisted equity investments			<u>1,555,442</u>	<u>1,555,442</u>
	<u>22,701,181</u>	<u>-</u>	<u>1,555,442</u>	<u>24,256,623</u>
<b>31 December 2021</b>				
Listed equity investments	<u>17,452,887</u>	<u>-</u>	<u>-</u>	<u>17,452,887</u>
	<u>17,452,887</u>	<u>-</u>	<u>-</u>	<u>17,452,887</u>

Listed equity investments were valued using stock market prices as at the end of the reporting period.

The fair value of the unlisted equity in Continental Holdings Limited (CHL) was determined using the market approach method which is applicable to firms in the financial services industry. The method involves identifying companies in similar industries to the subject company in the open market and determining the appropriate multiples, the value of the company is derived by benchmarking against valuation multiples from similar companies. The valuation was done by Bridgepath Capital Limited and is not a related party. Bridgepath Capital Limited is a licensed portfolio or investment manager under the Financial Services Act 2010 with license number PM 001/02 and is regulated by the Registrar of Financial Institutions, Reserve Bank of Malawi.

19.2 Impairment of financial assets

The company follows the guidance of IFRS 9 to determine when a financial asset is impaired. This determination requires significant judgment. In making this judgment, the company evaluates, among other factors, the duration and extent to which the fair value of an income note is less than its cost: and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

19.3 Income taxes

The company is subject to income taxes. Significant judgment is required in determining the liability for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. If the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.



20. Details of shareholders

The number of shareholders in the company was 1,383 as at 31 December 2022 (31 December 2021: 1,286).

Analysis by number of shares held:

Number of shares held	Number of Shareholders		Total holding	
	2022	2021	2022	2021
1 – 5 000	507	468	1 207 953	1 117 701
5 001 – 10 000	258	239	2 367 472	2 175 516
10 001 – 25 000	224	187	4 027 172	3 283 164
25 001 – 50 000	146	148	5 669 960	5 768 467
50 001 – 100 000	118	116	10 268 079	10 075 759
100 001 – 200 000	47	53	7 394 147	7 744 011
200 001 – 500 000	42	42	12 944 457	13 175 335
500 001 – 1 000 000	15	10	11 136 012	7 470 640
1 000 000 – 99 999 999	26	23	79 984 748	84 189 407
Grand total	1383	1 286	135 000 000	135 000 000

Analysis by shareholder type (2022):

	Number of holders	Number of shares held	% of total shares
Insurance/assurance	4	13 630 000	10.10%
Non-resident companies/individuals	6	104 511	0.08%
Banks/nominees	109	18 657 472	13.82%
Investment/trusts	19	4 261 642	3.16%
Pension/provident funds	29	42 537 083	31.51%
Other resident entities	44	15 053 411	11.15%
Resident individual	1172	40 755 881	30.20%
Total	1383	13 500 000	100%

Analysis by shareholder type (2021):

	Number of holders	Number of shares held	% of total shares
Insurance/assurance	3	725 677	0.54%
Non-resident companies/individuals	7	240 908	0.18%
Banks/nominees	105	33 274 945	24.65%
Investment/trusts	14	3 533 909	2.62%
Pension/provident funds	27	43 128 946	31.95%
Other resident entities	20	13 582 065	10.06%
Resident individual	1 110	40 513 550	30.00%
Total	1 286	135 000 000	100%

20. Details of shareholders (Continued)

The largest shareholders in the company were:

	Number of shares 2022	% of total number of shares 2022	Number of shares 2021	% of total number of shares 2021
First Capital Bank plc	-	-	20 889 343	15.47
Old Mutual Life Assurance Company	13 230 000	9.80	-	-
National Bank of Malawi Pension Fund	10 471 400	7.76	10 471 400	7.76
NBM PAL Unrestricted Pension Fund	9 739 933	7.21	9 739 933	7.21
Public Service Pension Trust Fund	9 132 709	6.76	2 230 158	1.65
NICO Life Insurance Company Limited	8 549 089	6.33	8 420 815	6.24
NBM Equity Fund	6 423 759	4.76	6 423 759	4.76
Madzi Pension Fund	5 520 000	4.09	5 520 000	4.09
First Merchant bank Pension Fund	1 346 509	1.00	7 846 509	5.81
Remaining shares	70 586 601	52.29	63 458 083	47.01
	135 000 000	100.00	135 000 000	100.00

21. Impact of COVID-19

The Board continues to monitor the ongoing developments regarding the COVID 19 outbreak. In relation to the economic volatility, the Board expects the COVID 19 outbreak to have only modest impact on its performance and expect this impact to be largely contained in 2023 due to availability of vaccines and governments intervention to curb the spread of the virus.

22. Subsequent events

There have been no material events occurring after the statement of financial statement position date that require adjustment to or disclosure in the financial statements.

23. Exchange rates and inflation

The average of the period-end buying and selling rates of the foreign currencies most affecting the performance of the company are stated below, together with the increase in the National Consumer Price Index, which represents an official measure of inflation.

	2022	2021
Kwacha/Rand	62.35	58.71
Kwacha/US Dollar	1026.43	817.30
Inflation rate %	25.4	11.5

As at the time of approval of these financial statements, the above rates had moved as follows:

Kwacha/Rand	58.92
Kwacha/US Dollar	1 036.25

Inflation rate % (February 2023)  
26.7

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Proxy form for the 21<sup>st</sup> Annual General Meeting of The National Investment Trust Plc

I/We \_\_\_\_\_  
(Name/s in block letters)

of \_\_\_\_\_ (address)

Being a shareholder of the above-named company and entitled to 1 vote per share

do hereby appoint \_\_\_\_\_ of \_\_\_\_\_  
or failing him/her

\_\_\_\_\_ of \_\_\_\_\_  
or failing him/her

3. the Chairperson of the meeting

as my/our proxy to attend, speak and vote for me/us or on my/our behalf at the annual general meeting of the company to be held at Ryalls Hotel, Blantyre, Malawi on Thursday 20<sup>th</sup> July 2023 from 10:00hrs and at any adjournment thereof as follows:

Agenda Item	Mark with X where applicable		
	In Favour	Against	Abstain

Signed at \_\_\_\_\_ on this \_\_\_\_\_ day

of \_\_\_\_\_ 2023.

Signature \_\_\_\_\_

Assisted by me (where applicable) (see note 3) \_\_\_\_\_

Full name/s of signatory/ies if signing in a representative capacity (see Note 4) \_\_\_\_\_

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend, speak and vote in his/her/its stead. A proxy need not be a member of the company.
2. If this proxy form is returned without any indication as to how the proxy should vote, the proxy will be entitled to vote or abstain from voting as he/she thinks fit.
3. The authority of a person signing a proxy in a representative capacity must be attached to the proxy unless the company has already recorded that authority.
4. In order to be effective, proxy forms must reach the registered office of the company (c/o NICO Asset Managers Limited, Chibisa House, 19 Glyn Jones Road, Blantyre, Malawi) or the transfer secretaries (National Bank of Malawi, Legal Department, P. O. Box 143, Blantyre) by close of day on 18<sup>th</sup> July 2023.
5. The delivery of a duly completed proxy form shall not preclude any member or his/ her/its duly authorized representative from attending the meeting, speaking and voting instead of such duly appointed proxy.
6. If two or more proxies attend the meeting, then that person attending the meeting whose name appears first on the proxy form, and whose name is not deleted, shall be regarded as the validly appointed proxy.



## Dear Shareholder,

National Investment Trust plc wishes to advise its shareholders that it is in the process of updating its shareholder database. This information will enable the company to effectively communicate with its shareholders and ensure timely payment of dividends. Shareholders are therefore requested to send the following contact details:

- full name and surname;
- next of kin details;
- postal details;
- mobile phone numbers/Whatsapp numbers;
- email addresses; and
- bank account details (to facilitate electronic payment of future dividends).

Kindly include a copy of your identification, preferably your National ID. The requested information can be sent through the following channels:

Email: [nitlshareholders@natbankmw.com](mailto:nitlshareholders@natbankmw.com); or

The Transfer Secretaries  
National Bank of Malawi  
Legal Department  
P.O. Box 945 Blantyre

Shareholders are requested to submit this information by 30 September 2023

**NICO Asset Managers Limited**  
**Company Secretaries**



