

ISSUE No.5 2021

MALAWI STOCK EXCHANGE MAGAZINE

# MSE



PLATFORMS: MAIN BOARD | ALTERNATIVE CAPITAL MARKETS | DEBT SECURITIES MARKET



26.417

12.002

## DEMYSTIFYING STOCK MARKET INVESTMENT

AIRTEL PLC & FDH BANK PLC LISTING | 2020 TRADING REPORTS



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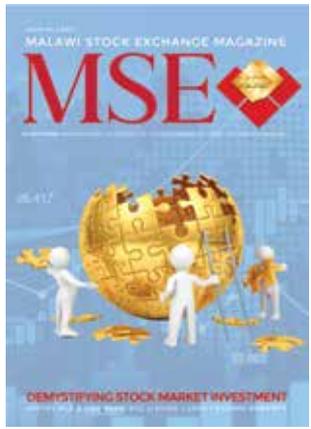
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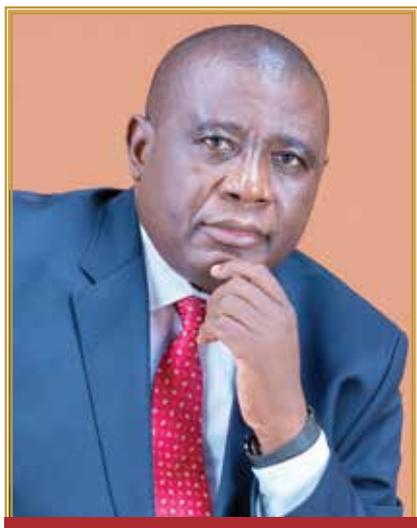
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**I**t is with the benefit of hindsight that we look back at the year 2020 and recognize the remarkable milestones that were achieved by the Exchange in the midst of a global health pandemic.

The Exchange worked within a challenging environment to ensure that the planned activities were undertaken during the year in pursuit of our 2017-2021 strategic plan which is now in its final year of implementation. Whilst we look back to celebrate these milestones, we do so with fond memories of those we wish were still around, but sadly we lost to the pandemic. In order to celebrate their legacy, we look ahead with resilience, focus and renewed optimism in recognition of the important role we need to play in rebuilding our economy and society. The Exchange is geared to play its role in facilitating private sector growth and facilitating infrastructure development in our country through its role of offering alternative and long-term finance. It is therefore our hope that you will remain a valued stakeholder on this journey we are taking. With these remarks, I present to you, our readers, the MSE 5th Edition Magazine that provides an overview of the year 2020.

#### Economic Environment.

The economy took a hit from the covid-19 pandemic which saw real GDP grow by a dismal 0.9% from earlier projections of 5%. Inflation remained within single digit for most part of the year and averaged 9.31%, which is marginally lower than 9.38% registered in 2019. The policy rate was revised downwards to 12.0% from 13.5% at the end of 2019. Returns on the money market however increased as depicted by the return on 91 days and 364 Treasury bills from 6.15% to 9.95% and from 10.89% to 13.55%, respectively. The exchange rate was largely stable against the US\$ recording a depreciation of 4.76% and was trading at MK771.74/US\$ as at 31 December 2020. This depreciation was reflected in the official import cover which was below the recommended 3 months at 2.75 months.

Looking ahead, the economy is projected to grow by 3.5% anchored by a good maize harvest and easing of restrictions put in place by health authorities to contain the covid-19 pandemic. However, the major downside risk emanates from the increasing public debt profile which could push interest rates up and crowd out private sector borrowing. There are also concerns around further depreciation of the Kwacha due to scarcity of foreign exchange on the market.

#### Market Performance

The market registered a positive return on investment of 7.08% (2.21% in US\$ terms) in 2020 compared to the return of 4.38% (3.41% in US\$ terms) in the prior year. It also recorded an increase in volume of shares traded despite registering a decrease in total value traded compared to the corresponding period in 2019. The market transacted a total of 1,645,194,139 shares at a total consideration of K41,085,584,358.55 (US\$54,522,713.98) representing an increase of 18.03% in volume and decline of 11.40% in traded value. There were however no trades on the debt securities market.

Market capitalization, a measure of the size of a market, increased both in Kwacha and United States Dollar terms from MK1,428,752.94 million (US\$1,939.51 million) in January 2020 to MK1,759,857.40 million (US\$2,280.38 million) as at 31st December 2020 resulting from additional listing of two counters on the bourse and share price gains on nine listed companies. Market liquidity, measured by a ratio of total value of trades to market capitalization was slightly lower at 2.33% from 3.25% registered in 2019.

#### Accomplishments for the year 2020

2020 was yet another busy year for MSE as we continued to implement our 2017-2021 strategic plan. The Exchange accomplished among others the following strategic activities during the year:

- Airtel Malawi Plc raised K27.92 billion through an Initial Public Offer and subsequently got its shares listed on the Stock Exchange on 24th February 2020.
- FDH Bank Plc raised K13.80 billion through an Initial Public Offer and subsequently got its shares listed on the Stock Exchange on 03 August 2020.
- The Malawi Government listed 16 bonds with a face value of K651.32 billion on 28 September 2020.
- The Stock Exchange conducted various activities aimed at courting potential issuers including holding one on one business clinics
- The Exchange continued to conduct its awareness initiatives especially around reporting on matters to do with the stock

market; The Exchange conducted an online journalist seminar and hosted a round table virtual discussion with journalists.

- The Exchange continued with investor awareness campaigns which included development of a WhatsApp chat bot that provides information on investing on the stock market
- The Exchange participated in a saving and investing awareness week hosted by Reserve Bank of Malawi.

#### Initiatives going forward

Going forward, the Exchange would like to exert all efforts in implementing its strategic plan with emphasis on courting new issuers in order to increase the number of listed securities on the Exchange. This will be done by focusing on expanding the Stock Exchange's core business by engaging with potential issuers to access the market on their capital raising initiatives. The Exchange is also exploring ways of optimizing its trading infrastructure to enhance financial inclusion, for instance, through introduction of a mobile trading platform in the near future. Public awareness initiatives for the investing public will remain the main focus for the Exchange in 2021. We will also continue engaging policy makers on policy issues affecting stock market operations and development.

#### Appreciation

Special thanks should go to the Registrar of Financial Institutions who, is the Governor of the Reserve Bank of Malawi, for the support rendered to the Exchange and all capital market participants and members who share the MSE vision of promoting a responsive market worthy of public trust that is characterized by transparency and integrity.

Special gratitude is also extended to the MSE Board of Directors, for the untiring effort, support and guidance in steering the Exchange to achieve its mandated objectives of providing a market for raising capital and trading of securities. I am also greatly indebted to my fellow team members of the MSE for their effort and dedication that has made it possible to attain the achieved goals. The work we have achieved has demonstrated that we indeed hold true to our values of Transparency, Teamwork, Fairness, Professionalism, and Integrity.

Lastly to our esteemed investors, I would like to assure you that the MSE remains committed in propelling the market to greater heights. We are confident that the Exchange will attain the aspirations encompassed in its goals.

May God bless Malawi and all of us.

Keep safe.

John Robson Kamanga



## STOCKBROKERS MALAWI LIMITED

A subsidiary of National Bank of Malawi

SERVING  
MALAWI  
AND  
THE  
REST  
OF THE  
WORLD  
SINCE  
1994

**Our Services:** ● Equity Trading ● Research  
● Sponsoring Broker Services ● Money Market

 + 265 (0) 1 822 803 / + 265 (0) 1 836 213 / + 265 (0) 1 822 792  NBM Towers, Ground Floor



### **VISION**

We aim to promote a responsive market worthy of public trust characterised by transparency and integrity.

### **MISSION**

Our mission is to provide and operate a fair, orderly, transparent and properly regulated capital market for the creation of value to our investors and listed companies.

### **OUR CORE VALUES**

Our core values are the defining principles by which we operate as individuals and as a company. They define who we are, how we work, what we believe in and what we stand for.

These core values are outlined as follows;

#### **Transparency**

We believe that transparency is an essential part of our business and that, it enables us to function at a higher level, accompanied by availability of full information required for collaboration, cooperation and collective decision making to our stakeholders.

#### **Team Work**

We are a team that is built upon the foundations of innovation, success, development, problem solving, progression and client relations in order to achieve a common goal of ensuring investor and issuer's protection.

#### **Fairness**

We are a business whose characteristics of fairness are a quality of being just, equitable and impartial. To us, fairness means uncompromising adherence to ethical values in our business conduct.

#### **Professionalism**

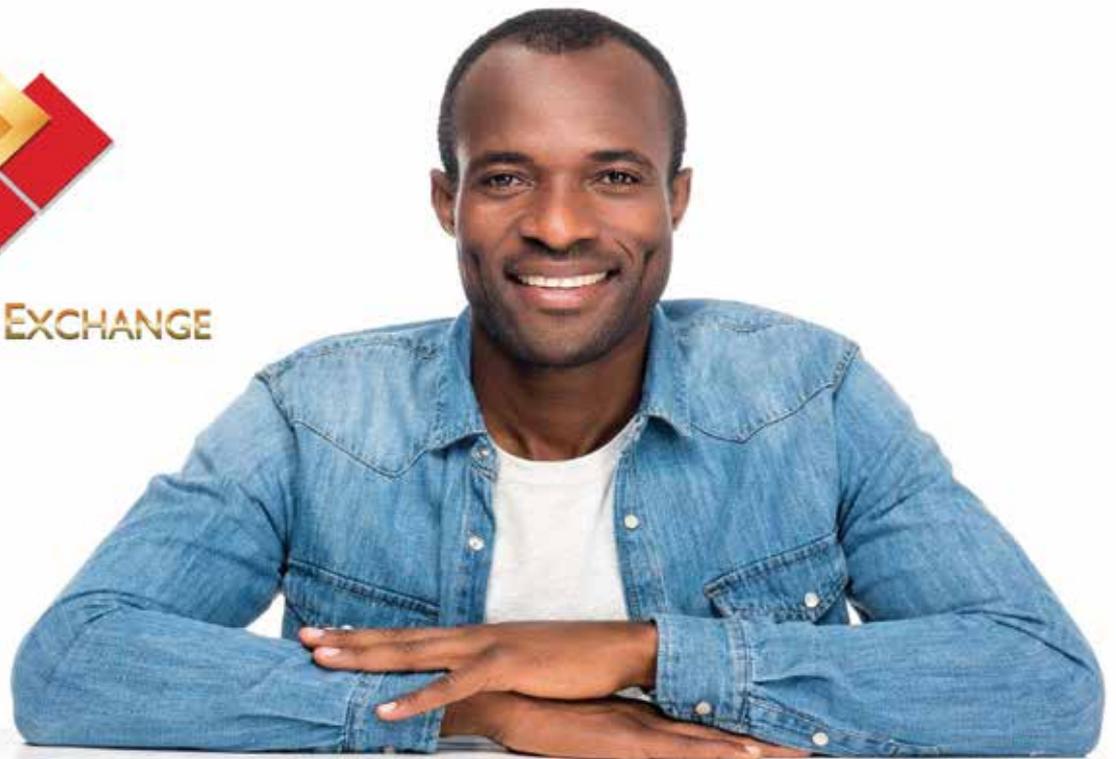
We believe that our professionalism is not a label we give ourselves, but it is a description we hope our clients will apply to us because of our positive attitude, communication, knowledge, responsibility, skills, loyalty and customer care values we provide.

#### **Integrity**

We adhere to moral principles which are ethical, honest, truthful, upright and sincere in our conduct with our various stakeholders and we take responsibility for our actions.



MALAWI STOCK EXCHANGE



## Buying Share

- The first step is to contact a Stockbroker.
- The Stockbroker will assist you to open an account with the Central Securities Depository and thereafter place orders on the market on your behalf.

Currently, there are four stockbrokers:

1. Alliance Stockbrokers Ltd
2. Cedar Capital Ltd
3. Continental Capital Ltd
4. Stockbrokers Malawi Ltd

## Benefits

Dividend income

A distribution of a company's profits to shareholders

Capital Gains

This is the increase in the share price over time.

Collateral

Shares can be used as loan security or collateral.

Liquidity

You can sell your shares anytime to obtain cash

Diversifying your risk

You have a wide choice of companies to invest in

**MALAWI STOCK EXCHANGE**

Malawi's Global Portal



John Robson Kamanga  
CEO, MSE

## THE ROLE OF THE STOCK MARKET IN THE RECOVERY PROCESS OF AN ECONOMY.

Malawi's economy has in the past year experienced shocks which were characterized by a prolonged political impasse and a health crisis which has steered the economy off its growth trajectory. The health pandemic prompted the Ministry of Finance in its March 2020 report to revise its GDP growth rate projections from 5.5% to 1.9% on assumption that the pandemic is contained by October 2020.

Noticeably, the recent trend of a slowdown in covid-19 infection rates gives hope that the economy is on its way to recovery. As we look forward to the recovery process, it is a good time to reflect on the tools that can facilitate the recovery process. Most economies have predominantly relied on their capital markets to facilitate the recovery process. What role then, can the stock market in Malawi play in the recovery process of the economy?

### Facilitate infrastructure development

The stock market provides a platform for raising affordable and patient capital that can be used for infrastructure development. In a recovery process, investment in infrastructure offers a catalyst for economic growth as it injects funds into the economy and provides employment to the country's citizenry.

This helps businesses to grow and subsequently puts money back into people's pockets. However, by their nature infrastructure investments are capital intensive and require patient capital. This makes the stock market an ideal platform to raise capital for infrastructure development.

There is need for integrated efforts to encourage parastatals and companies to utilize the debt platform that is available on the Malawi Stock Exchange to raise affordable capital to address infrastructure as well as energy challenges that face the economy. This is especially ideal given the growth in pension funds in the country which are looking for investment assets.

### Creating employment opportunities

Malawi like most African countries has a young population. This offers an opportunity for the country through availability of human capital that can be utilised to foster growth of the economy. There is however need for employment opportunities that will provide a platform for the youth to participate in growing the economy.

This need is also reflected in the country's leadership desire to create 1 million jobs for its citizens. We believe that listing more companies on the stock exchange will facilitate

growth of businesses who in turn will employ the youth of this country. There is need to put in place deliberate policies that will encourage more companies to list. This entails, for instance, introducing tax incentives to be put in place to attract more companies to list on the exchange. These tax incentives will not only assist companies to list and thus grow businesses from the capital raised, but will also result in growth in taxes to be collected from the entities as the businesses expand.

Further, it is also important that the businesses being run by the youth are supported by providing them access to affordable long-term capital that will help grow their businesses. The stock exchange has a board, the Alternative capital market board, which specifically caters to SME's.

However, one inhibiting factor for SME's to list on the Alternative Market Board has been the associated listing expenses, most of which are outside the control of the exchange. To address this challenge, countries within the region have created funds that subsidize the cost of listing for SME's. If a similar approach is adopted, this will ensure that the small businesses that Malawi has are transformed and grow into big companies that can employ more people and contribute to growth of the economy.

### Reducing income inequalities

The stock market offers an opportunity for the country's citizenry to create wealth by investing in the products offered on the stock market. This is done by offering an opportunity to the public to partake in profitable businesses from which they stand to benefit from interest, dividends and capital gains.

The need for reduced income inequalities cannot be over emphasized and is echoed in the Sustainable Development Goal 10 which calls for reduced inequalities. For investors to generate real positive returns, there is need to pursue and maintain a stable macroeconomic environment that is ideal for investment. This entails maintaining sustainable debt levels, pursuing policies that foster stable exchange rate and working towards lowering the inflation and interest rates.

As the economy undertakes its recovery process, it offers an opportunity for businesses and the country to reflect on what tools are available to facilitate this process. For this particular predicament, the stock market ranks high and might just hold the key to unlock its recovery path. [MSE](#)



YOUR  
**FUTURE**  
STARTS  
**TODAY**

**LIST ON THE MALAWI  
STOCK EXCHANGE TO:**

- > Access a large pool of funds to meet your capital needs.
  - > Raise cheap capital.
- > Improve gearing and balance sheet ratios.
- > Enhance visibility both locally and internationally.
- > Increase liquidity to existing shareholders.
- > Realise investment value by shareholders.
- > Have a market determined company valuation.

# REQUIREMENTS TO RAISE CAPITAL THROUGH MALAWI STOCK EXCHANGE.

The MSE has three platforms to cater for various capital needs and to provide inclusive access to capital for businesses. The platforms are:

**Main Board:** The Main Board is meant to cater for larger and well-established companies that would like to raise capital. Currently, all the 16 listed companies are listed on the Main board

**Alternative Capital Market Board:** In order to accommodate more businesses and improve accessibility to the Exchange, the Malawi Stock Exchange introduced the Alternative Capital Market board in

2007. The Alternative Capital Market was introduced to cater for Small and Medium sized companies who would like to raise capital at a lower cost by accessing public funds.

**Debt market Board:** The Stock Exchange considered the possibility that some companies would not be willing to bring in new shareholders within their business and as a result the Debt Securities Market was then established in 2010 to cater for this group of companies. There are currently 4 corporate bonds and 22 government bonds listed on the MSE debt platform [MSE](#)

## A Snapshot of MSE listing requirements.

Requirements	Main Board	Alternative Capital Market
Registered status requirements	To be duly incorporated or otherwise validly established under the laws of the country of incorporation or already listed on another recognised stock exchange.	To be duly incorporated or otherwise validly established under the laws of the country of incorporation or already listed on another recognised stock exchange
Minimum amount of issued capital that must be offered to the public.	25%	20%
Minimum subscribed share capital of the issuer.	MK500 Million	MK250 Million - MK499 Million
Minimum shares in issue.	30 Million	10 Million
Financial requirements.	3 year profit history	No profit history required but must provide 3 years forecast statement of financial position, statement of comprehensive income, cashflows based on market segment growth, competitive analysis and market share.
Shareholder spread.	300 shareholders	100 shareholders.
Status of company's securities.	Fully paid up and freely transferable	Fully paid up and freely transferable
Underwriting.	Fully underwritten	Fully underwritten.
MEMARTS.	Must comply with the requirements of the stock exchange requirements listings	Must comply with the requirements of the stock exchange requirements listings.
Corporate governance.	Adhere to the requirements of the Malawi code	Minimum of 5 Board Directors Executive Financial Director required. Audit committee to be appointed comprising of non-executive directors.
Requirements	Debt Market Board	
Registered status requirements.	The company must be duly incorporated and in compliance with the laws of the country in which the company is incorporated.	
Legal authority.	The Issuer must obtain all necessary consents	
Guarantee.	The issue must be guaranteed.	
Company history.	Either the company or guarantor must have been in operation for at least 5 years	
Shareholder spread	A minimum of 10 shareholders must be achieved	

# Get to Know Companies listed on the Malawi Stock Exchange



THE SMARTPHONE NETWORK



For more information contact The Malawi Stock Exchange on:  
01 824 233, Email: [info@mse-mw.com](mailto:info@mse-mw.com) Website: [www.mse.com](http://www.mse.com)



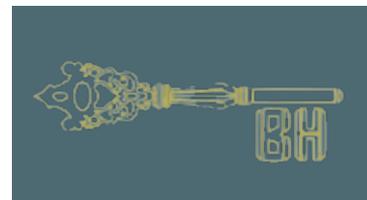
## BLANTYRE HOTELS LIMITED

**B**lantlyre Hotels Limited plc is a Malawian based holding company engaged in the hospitality sector. The company provides conferencing and catering services at its Ryall's Hotel managed by Marriott group.

The company's hotel operations are managed by Marriott under a Management Contract. The company's major shareholders include NICO Life Insurance Company Limited, Africap LLC and Press Trust.

The company operates in three segments: Rooms income, food and beverage income and other income.

Legal address is;  
Ryalls Hotel, 2 Hannover Avenue  
PO Box 21  
Blantlyre, Malawi <sup>MSE</sup>



# FMBcapital

## HOLDINGS <sup>MSE</sup>plc

**F**M B Capital Holdings plc (FMBCH) is the Mauritius-based holding company of the FMB Capital Group. The company has banking and finance operations in five SADC countries, namely Botswana, Malawi, Mozambique, Zambia and Zimbabwe <sup>MSE</sup>





## NICO HOLDINGS LIMITED

**W**e are a financial services organization involved in the business of general insurance, life insurance, pensions administration, banking, mortgage finance, lease finance, asset management and information systems.

NICO is active in Zambia (NICO Insurance Zambia), with investments in Uganda (Sanlam General Uganda), Mozambique (Sanlam em Moçambique) and Tanzania (Sanlam Tanzania). NICO Holdings has the following subsidiaries and associates;

- NICO Life Insurance
- Sanlam
- Sanlam Tanzania
- Eris Properties Mw Limited
- NICO Insurance Zambia
- Sanlam em Moçambique
- NICO General Insurance
- NICO Technologies
- NBS Bank Plc
- Sanlm General Uganda Limited
- NICO Asset Managers **MSE**



## ICON PROPERTIES LIMITED PLC

**I**CON Properties specialises in the ownership, development and management of commercial, industrial and business real estate assets located in Malawi.

At the end of 2018, the real estate portfolio, consist of 35 assets with a total lettable area of 72,630 m2, amounted to MK51,962 Million

REAL ESTATE

REAL ESTATE OPERATIONS

REAL ESTATE DEVELOPMENT OPERATIONS **MSE**

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## ILLOVO SUGAR COMPANY MW

**I**llovo Sugar (Malawi) plc is listed on the Malawi Stock Exchange with 76% of the issued share capital held by the Illovo group and the balance by public and other institutional investors. The corporate office is based at Limbe with two operations at Nchalo in the south of Malawi and Dwangwa in the mid-central region, producing sugar cane and raw and refined sugar, together with speciality sugars at Nchalo. Illovo Malawi is one of the country's sugar producers with more than 60% of total sugar sales sold to domestic consumer and industrial markets, and the balance exported to preferential markets in the EU and the USA, and the surrounding region.

In Malawi, as in Illovo's other countries of operation with the exception of South Africa, the agricultural operations are significantly enhanced by a number of factors, including access to secure water sources for irrigation, excellent soils and ideal climatic conditions to promote optimum cane growth. Combined, these attributes result in high yielding sugar cane crops which are harvested annually.<sup>MSE</sup>



## STANDARD BANK OF MALAWI PLC

**S**tandard Bank Plc, previously known as the Commercial Bank of Malawi is a subsidiary of the Standard Bank Group. It was registered as a commercial bank on 15 March 1969.

The start-up share capital was K2.5 million and the founder shareholders were the Malawi Development Corporation (20%), Press Holdings Limited (20%) and Banco Pinto Sotto Mayor (60%). The first branch was opened in Limbe on 11 April 1970. It first listed on the stock market in January, 1998. In 20001, Standard Bank group bought 60.18% stake in commercial bank and became the majority shareholder. Over the years, Standard Bank has played a significant role in building the economy of Malawi through financing deals in Mining, Power and infrastructure, Agriculture and Retail sectors.

It has over 50 years of local market knowledge and offers banking solutions for large companies, Small and Medium enterprises as well as individuals. Standard Bank has 27 branches and over 650 employees.<sup>MSE</sup>





## NATIONAL BANK OF MALAWI PLC

**N**ational Bank of Malawi plc is licensed by the Reserve Bank of Malawi as a commercial bank. It is a product of the experience and expertise of Barclays Bank and Standard Chartered Bank with a network of 33 Service Centres and over 000 employees.

On August 21st 2000, the bank was listed on the Malawi Stock Exchange with an over subscription of 3.4 times. **MSE**



OUTSTANDING SERVICE  
PRODUCT INNOVATION  
SUSTAINABILITY  
CUSTOMERS FIRST

## PRESS CORPORATION LIMITED PLC

**P**ress Corporation PLC is a public company incorporated in Malawi, under the Companies Act 1984; and is listed on the Malawi Stock Exchange. Being the largest holding company in Malawi, Press Corporation has interests in different sectors of the Malawi economy including: financial services; telecommunications; energy; consumer goods; food and beverages; property investments; and hospitality and tourism.

The highly diversified company has stakes in fifteen companies comprising of eight subsidiaries, four joint ventures and one associate.

The Press Corporation PLC's strategy emphasises on the growth and sustainability of the companies in which it holds stakes. The strategy further embraces new sectors earmarked for future investments like tourism and energy.

Press Corporation PLC's investment activities focus on maintaining a leading position in the private sector; and concentrates in sectors where potential market growth is ascertained from the global economic and social trends.

The group continues to explore viable investment opportunities in various sectors of the economy in order to strengthen its portfolio of investments and enhance shareholder value. **MSE**





## FDH BANK PLC

FDH Bank Plc operates as a commercial bank which provides banking services. Its divisions include Retail Banking, Corporate Banking, International Banking, Structured Trade Finance, Treasury Management, Corporate Advisory Services and Asset Finance. The bank's products include current accounts, savings accounts, call and fixed deposits, overdrafts and loans, foreign exchange and international trade transactions, custodial services and financial advice to corporate and private clients. FDH Bank was founded on May 16, 2007 and is headquartered in Blantyre, Malawi.

**Vision:** To be the leading provider of first class banking solutions in Malawi and Southern African Region.

**Mission:** To provide value to all stakeholders through superior returns, sustainable growth, secure and efficient banking solutions based on sound business values while being an employer of choice.

**Values:** Transparency and accountability, respect, commitment to client, teamwork, innovation, customer satisfaction and employee development. MSE



## NATIONAL INVESTMENT TRUST LIMITED

The National Investment Trust Limited (NITL) was incorporated in Malawi as a public company on 20th September 2001 with registration number 6024. The Principal objective of NITL is to provide a vehicle to facilitate broad public participation in a diverse portfolio of equity investments in Malawi.

The investment portfolio of NITL is managed with a view to providing its shareholders with a return by way of both annual income and capital growth. The Board of Directors recognizes there will always be risk present in any portfolio of investments but has adopted an investment policy which seeks to minimize that risk by avoiding speculative investment and placing limits on the extent of exposure to individual investments.

This investment policy has been prepared by the Board of Directors of NITL for its use and seeks to guide the Board of Directors in its investment decisions in a structured and prudent manner within the context of the investment objectives of NITL in force from time to time.

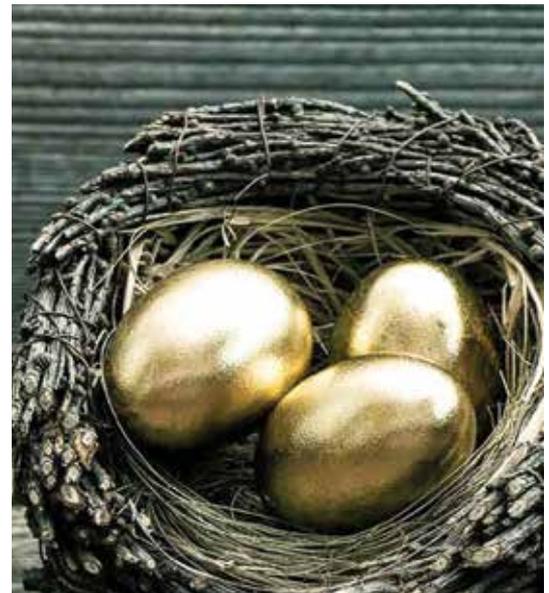
### Availability and Access

NITL is a public scheme available to most investors within and outside Malawi, subject only to the restriction on size of investment imposed by the relevant law.

### Diversity and Risk

NITL was established as a vehicle to avail ordinary investors an opportunity to participate in a wider range of investments than those feasible for most individual investors, and to share the costs of doing so.

Subject to exchange control regulations, the NITL may invest in foreign securities but the primary focus of its investment portfolio is Malawi registered securities. MSE





## NBS BANK PLC

**N**BS Bank is a fully fledged commercial bank providing a wide range of financial services to individuals, small and medium businesses, large corporations and public institutions. The Bank was incorporated as a limited company on 14th March 2003 and was registered under the Banking Act 1989 on 1st March 2004. It started its commercial banking operations on 1st July 2004.

The Bank's predecessor institution, the New Building Society, was formed following the amalgamation of the Central African Building Society, Commonwealth Century Building Society and First Building Society. It was incorporated under the Building Societies Act on 7th February 1964. NBS Bank is listed on the Malawi Stock Exchange and currently its shareholding is as follows:

Nico Holdings 50.1%  
 Continental Holdings 9.34%  
 Public 32.81%  
 NBS ESOP 0.1%  
 Continental Asset Management Nominees 3.42%  
 Public Service Pension Fund 4.23%<sup>MSE</sup>



## SUNBIRD TOURISM PLC

**S**unbird Tourism plc (Sunbird) is a publicly quoted enterprise, listed on the Malawi Stock Exchange since August 2002. As of December 2019, the Government of Malawi is the largest shareholder at 71%. Press Corporation plc owns 15% and members of the public own 14%. Sunbird was incorporated in 1988 as a private company following the amalgamation and consolidation of hotels previously owned by the Government of Malawi under different investment vehicles.

Previously, and until 2000, the Company was known as the Tourism Development and Investment Company of Malawi when the name was strategically changed to Sunbird Tourism Limited.

Following the requirements of the new Companies Act of 2013, the name was amended to Sunbird Tourism plc. The company's main activity is the operation of eight hotel properties in Malawi. The properties include four city hotels: Sunbird Capital, Sunbird Mount Soche, Sunbird Lilongwe, and Sunbird Mzuzu; and two popular beach resorts along Lake Malawi: Sunbird Nkopola and Sunbird Livingstonia and a nature resort: Sunbird Ku Chawe an iconic mountain resort. In 2018, Sunbird signed a Management Contract for Kara O'Mula Country Lodge located at the foot of the unique Mulanje Mountain. Sunbird Management and Catering Services Division is a dedicated Division involved in the provision of airline and institutional catering services.

**Vision:** The preferred brand in the hospitality industry.

**Mission:** Sunbird exists to provide excellent accommodation, catering and related hospitality services with the intention of increasing stakeholders' value.

### Statement of Strategic Intent

Sunbird will satisfy stakeholders' interests by providing superior and innovative customer service, modern and upmarket accommodation in a sustainable and socially responsible manner.<sup>MSE</sup>





**MPICO PLC**

**M**PICO plc is a company listed on the Malawi Stock Exchange. It has more than four decades' experience in the Malawi property Industry. Its principal activities include investment in properties and the management thereof. In 1987, MPICO expanded its service lines to include property valuations, consultancy and related services. The company is focused on commercial assets with selective exposure to residential properties. MPICO's property portfolio consists of more than 25 commercial properties with over 66,393 square meters of lettable area. We create and grow value through creative asset management and strategic investments.

MPICO operates mostly in Malawi's three major cities of Lilongwe, Blantyre and Mzuzu.

**OUR SOLUTIONS**

Property Development, Project Management, Property Management, Property Valuation, Facilities Management, Tenant Find Only Service, Tenant Representation,

**WE OFFER:**

Office Accommodation, Retail and Shopping Centre Accommodation, Residential Accommodation, Warehouse Accommodation **MSE**

**MALAWI'S ONE - STOP PROVIDER IN LANDED PROPERTY SOLUTIONS.**

**TNM MALAWI PLC**

**T**elekom Networks Malawi (TNM) PLC, Company number 4029 was the pioneer mobile network in Malawi and it is listed on the Malawi stock exchange. TNM is wholly Malawian owned with the following shareholders; Press Corporation Limited 41.31%, Old Mutual Life Assurance Company (Mw) Limited 24.07%, Magni Holdings Limited 5.01%, NICO Life Insurance Company Limited 4.88%, Livingstone Holdings Ltd 1.87%, Magetsi Pension Fund 1.488%, Unilogy Holdings Limited 1.26%, Investment Alliance Limited, 1.034% among the top ten shareholders.

**Coverage & Technology:** Geographically TNM network covers over 74% of Malawi. TNM operates a 4G network enabling advanced broadband multimedia services, in addition to 2G and 3G networks. TNM offers a comprehensive range of prepaid and postpaid services; these include voice and data connectivity. TNM has been a pioneer of many services in Malawi and became the first mobile operator in Malawi to launch 4G broadband services in Malawi. Services on offer include video calls, video and music streaming and high speed wireless internet access services.

**Mission:** Our mission is to be Malawi's premier mobile company of choice, offering best in class mobile telecommunication services to people everywhere."

Premier means best in terms of:

Customer value, Customer service, Employee talent, Consistent and predictable growth.

As Malawi's Premier mobile company we will enable people and businesses to realise their full potential. In doing so, our mobile services will contribute to the growth and development of the Malawian economy **MSE**





## AIRTEL MALAWI PLC

**H**eadquartered in Lilongwe, Airtel Malawi PLC is the country's leading mobile service provider offering 4G/LTE, 2G and 3G wireless networks; and high speed broadband internet services.

Airtel Malawi is the first mobile company to provide data services in Malawi with a subscriber base of 4.66 million 90 days' active subscribers as at 31 December 2019.

With the widest 4G network coverage across the country and the first to cover Likoma and Chizumulu Islands, Airtel has over 780 network sites all offering 4G network technology.

Our vision is to enrich the lives of our customers. And our obsession is to win customers for life through an exceptional experience.

Airtel Malawi is a subsidiary of Airtel Africa. Airtel Africa PLC is a Pan- African telecommunications company with operations in 14 countries across Africa. Visit [www.airtel.mw](http://www.airtel.mw) <sup>MSE</sup>

## OLD MUTUAL PLC

**O**ld Mutual was established in Cape Town in 1845 as South Africa's first mutual life insurance company, offering financial security in uncertain times.

The company's driving purpose is to help our customers thrive by enabling them to achieve their lifetime financial goals, while investing their funds in ways that will create a positive future for them, their families, their communities and broader society.

In this way, we significantly contribute to improving the lives of our customers and their communities while ensuring a sustainable future for our business. We provide financial solutions to individuals, small and medium-sized businesses, corporates and institutions across several market segments and geographies in South Africa, the Rest of Africa and certain other emerging markets.

Old Mutual Group offers the following services;

- Savings and protection
- Investments
- Lending
- Banking <sup>MSE</sup>





**MYBUCKS BANKING CORPORATION  
(Bond Issuer)**

**M**yBucks Banking Corporation Limited was licensed on 13th May, 2014 and commenced its operations on 24th July, 2015.

It currently has 17 branches, 3 micro-finance outlets and over 80 agency banking outlets. It also operates three Foreign Exchange Bureaus in Lilongwe (Old Town & Gateway Mall) and Limbe. The bank is a licensed commercial bank and is regulated by the Reserve Bank of Malawi. MyBucks currently has 4 listed notes on the Stock Exchange.

**Shareholding**

MyBucks Malawi is 100% owned by MyBucks S.A, whose Head Office is in Luxembourg and listed on the Börse Frankfurt Stock Exchange. The shareholder is a FinTech Company that provides financial products and services through technology, with presence across Africa, Europe and Australia.

The Group offers credit, banking solutions and insurance products to customers. The MyBucks S.A. product offering enables customers to manage their financial affairs easily and conveniently.

**MISSION**

Making people’s lives better through convenient and simplified banking, using technology and partnerships

**VISION**

To be the best bank in Malawi

**CORE VALUES**

Modern, Supportive, Transparent & Simplified **MSI**



# The Malawi Capital Market Development Plan

Reserve Bank of Malawi

Malawians, according to the Malawi Vision 2063, “envision a youth-centric inclusive wealth creating and self-reliant nation by 2063”. The nation aspires “to be an industrialised upper middle-income country which finances its own development needs”.

The new strategy focuses on wealth creation and mindset change, and places great emphasis on transforming the structure of the economy from an importing to an industrial exporting economy.

Achieving these aspirations will, to a great extent, be dependent on the ability of the country’s financial system to provide longterm finance to support development projects. The financial sector will have to play its rightful role of efficiently mobilizing and allocating domestic financial resources from surplus sectors of the economy to those that can put them into productive use.

The Reserve Bank of Malawi (RBM) is, in 2021, implementing the Malawi Capital Market Development Plan (MCMDP) to operationalize the country’s social-economic transformation espoused in the country’s development strategies. It is the first expansive blueprint outlining the transformation of capital markets in Malawi in the next 5 years. The plan is a roadmap, with measurable actions, towards strengthening the capital market to ensure it efficiently mobilises and distributes savings in the economy, thereby contributing materially to the country’s economic development.

The vision of the MCMDP is to lay the foundation for Malawi’s capital market to qualify for classification as an emerging market in 15 years. The plan aims to achieve this by providing a clear direction

on how the capital market will maximise supply of and improve access to long term finance; facilitate deepening, broadening and improve efficiency in regulation of the securities markets; and facilitate development of market intermediation services.

The masterplan is ordered around three key thematic areas that are envisaged to holistically develop the capital market. The first focuses on increasing access to the capital market for domestic issuers and investors, as well as improving access for foreign investors.

The second aims at improving the capital market’s general performance, infrastructure, intermediation standards and integrity. Measures under the last theme promote a sound and responsive legal, regulatory and policy making environment. It also addresses issues of good corporate governance, quality financial reporting, and investor protection.

It is hoped that the impact of the action points put forth in the MCMDP will be observed through the significant improvement of some measures of key aspects of capital market development such as the ratio of equity market capitalization to GDP, corporate bond market capitalization to GDP and the percent of government financing through capital markets.

The ultimate goal is to create savings and investment opportunities for institutional and retail investors, thus generating much-needed long term funding for businesses and infrastructure development.

## 2020: A YEAR IN REVIEW



## 2020: A YEAR IN REVIEW



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### 2020 IN REVIEW

- 1 Airtel Malawi Plc Chairman, Dr. Alex Chitsime ringing the bell.
- 2 Airtel Malawi Plc Managing Director Charles Kamoto, giving his remarks during the listing at Sunbird Mount Soche
- 3 Cutting the ribbon by MSE Chairman, Guest of Honour, Airtel Malawi Plc Managing Director and Chairman during the listing of Airtel Malawi Plc.
- 4 Live band entertainment during Airtel Malawi Plc listing.
- 5 Investor education week presentations at Sunbird Mount Soche Hotel in Blantyre.
- 6 Airtel Malawi Plc listing celebrations.
- 7 John Robson Kamanga, Chief Executive Office of Malawi Stock Exchange, giving remarks during a cocktail for Airtel Malawi Plc listing.
- 8 The Malawi Stock Exchange team during the launch of Investor Education Week at Bingu International Convention Centre.
- 9 FDH Bank Plc Managing Director, Dr. Elias Ngalande cutting the ribbon during FDH Bank Plc listing.
- 10 Malawi Stock Exchange's SOCCO, Douglas Nyirenda making a presentation during Investor Education Week at BICC in Lilongwe.
- 11 FDH Bank Plc listing on the Malawi Stock Exchange.
- 12 Malawi Stock Exchange former Chairperson, Dr. W Masanjala making a speech during FDH Bank Plc listing in Blantyre.
- 13 A cross section of people that attended the cocktail for Airtel Malawi Plc listing at Sunbird Mount Soche.

## 2020: A YEAR IN REVIEW



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### 2020 IN REVIEW

- 14 **In the Lake:** Malawi Stock Exchange Team Building retreat underway at the lake in Mangochi.
- 15 **By the Beach:** The Team Building retreat gaining momentum through games by the beach
- 16 **More Games:** More games as a way to refresh from normal duties on a normal working day at the exchange.
- 17 **Group Photograph:** After game time, MSE staff take a breather through a group photograph.
- 18 **Airtel listing:** The Airtel Malawi Plc listing taking place at Sunbird Mount Soche in Blantyre.
- 19 **Malawi Stock Exchange CEO** interacts with dignitaries during the FDH Bank Plc listing at Sunbird Mount Soche.



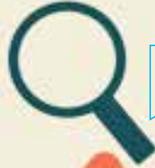
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Kelline Kanyangala  
Operations Manager, MSE

## Where to find information on investing in Malawi.



*“Information can bring you choices and choices bring power – educate yourself about your options and choices. Never remain in the dark of ignorance.”—Joy Page*

**B**ack in the 1990's, Bernie Madoff through his business started marketing what seemed to be a remarkable investment product. In return for investing money with his firm, he guaranteed investors extraordinary high returns on their investments.

Unsurprisingly, a lot of people joined the scheme in hope of making money; it even attracted investors outside of the USA. However, investors were soon to learn that there was so much they did not know about the business of Bernie Madoff. In 2008, some investors made a cash out request of close to \$7 billion which Bernie failed to honor; at the time, he only had \$700 million. In total it is estimated that investors lost over \$60 billion; Bernie was subsequently sentenced to 150 years in prison.

When it comes to saving and investing your money, the right information can make a whole lot of difference in whether you succeed or fail. In the era of misinformation, disinformation and fake news, it has become even more critical to be able to isolate the right information from misleading information. While we can easily identify some investment opportunities as scams, some are difficult to tell. So where does one look to for reliable information on investing in Malawi? A couple of places actually:

### Registrar of Financial Institutions

Everything that happens within the financial sector happens under the close watch of the Registrar of Financial Institutions (RoFI), who is the Governor of the Reserve Bank of Malawi. The RoFI is responsible for licensing and supervising the conduct of all financial institutions in Malawi in order to safeguard the public's money. When it comes to reliable information on investing, it is then natural that the RoFI is a good place to start. For instance, there is quite a lot of information that is currently available on the Reserve Bank of Malawi website (<https://www.rbm.mw/>) that can guide one in making investment decisions.

Among others, the RoFI publishes on the website an annual supervision report that lists all the licensed financial players in Malawi which one can comfortably deal with. It also has a published copy of a booklet titled “Creating Wealth- A guide to investing in Malawi capital markets” which provides a comprehensive overview of the available reliable investment avenues. Alternatively, one can visit or contact the RoFI through the Consumer Protection and

Financial Literacy Division for more information.

### Licensed Financial institutions

There quite a number of licensed financial institutions that you can consult when it comes to investing in the capital markets in Malawi. As a rundown; the following institutions within the capital markets can provide guidance on investing:

**Stockbrokers:** These act on behalf of clients when it comes to buying and selling listed securities such as shares or bonds. There are currently 4 licensed stockbrokers in Malawi namely Stockbrokers Malawi, Continental Capital Ltd, Cedar Capital Ltd and Alliance Stock Brokers.

**Fund Managers:** These manage your wealth and provide investment advice. There are currently 5 fund managers in Malawi. These include NBM Capital Markets, Continental Asset Managers, NICO Asset Managers, Old Mutual Investment Group and Bridgepath Capital.

### Collective investment schemes

These are companies that pool together funds and invest in prescribed investment assets. There are two types of CIS in Malawi, open and closed. **Old Mutual Unit Trusts** and **National Investment Trust Limited** are a good example of recommended Collective investment Schemes.

### Stock Exchange

The Malawi Stock Exchange is a key player in enhancing financial literacy especially when it comes to saving and investing. There are a number of booklets that have been published on how to save and invest through the Stock Exchange that are available on the website ([www.mse.co.mw](http://www.mse.co.mw)). Further, the Exchange through its social media platforms provides advice and information on how to invest. Recently, the Exchange introduced an automated WhatsApp platform(+265887 249 784) where one can access information on how to invest through the Exchange.

In conclusion, there are various places you can trust to provide you with reliable information on how to make your money grow. Do not be one to fall for misleading schemes. **MSE**

# Dreaming Big With the Stock Market

Tumusime Msimuko  
NICO Asset Managers

**D**uring the last Christmas festivities, I was invited to a luncheon by a group of young women professionals. I do not know how I was identified, but I must say that I was impressed by the crowd that was there. I already knew some of the people, but also met a lot of new people.

As usual, our jolly conversation drifted towards money management and investing. The general vibe seemed to suggest that getting to a certain point or age in life meant that investing, let alone consulting a financial advisor, could only be possible if one had a lot of money. At that point, I winked at Ulemu Berewu, my client at NICO Asset managers to chip in.

I have managed Ulemus' investment account for close to three years now, and I am always inspired by her story. A lot of people think they need to accumulate a lot of money before they can talk to a financial advisor. That may be true with other investment houses, but not for NICO Asset Managers, and Ulemu is a testament to that

Ulemu decided to start investing immediately after she got her first job some five years ago. A lot of her friends discouraged her from speaking to a financial advisor, telling her to wait until she had accumulated a lot of money. Fortunately, she decided to take her first step and inquire from NICO Asset Managers. This bold step set her apart from her peers ever since.

With the advice she received from NICO Asset managers, Ulemu was able to define her goals clearly and set realistic time frames for her goals. She made a commitment to start saving a minimum of 10% of her salary every month. This has gone on for the past 5 years, increasing the amount each year.

Due to her long-term goals, we came up with an investment plan that included investing most of her savings in terms of shares on the Malawi Stock Exchange (MSE). Ulemu has seen her investments grow exponentially over time benefiting from the strong performance of the Malawi Stock Exchange which enabled her to achieve some of her goals earlier than expected.

One of her goals was to buy a house within 5 years, which she has been able to do, while still maintaining her investment account and remaining committed to her savings plan. This will ensure that she achieves her next big goal in 3 years' time.

We all have goals, dreams and ambitions for the future. That is the starting point for a discussion about investments with us. It doesn't matter what point you are in life, the best time to start was then, but the next best time to start is today.

NICO Asset Managers Limited is a specialist investment management and advisory firm that works with individuals, families, groups, trusts, pension funds, corporate as well as government institutions. We sit down with our clients to help them define their goals and make a plan to achieve them.

Our investment advice is based on solid and incisive research. NICO Asset Managers Limited (NAML) has a team of research analysts who conduct research and valuations on various investment opportunities used as a basis for making investment recommendations to our clients. We believe in offering excellent service to our clients, as such our client service managers are always ready to assist you.

As Ulemu continued to share her story at the party, I could not be prouder and more inspired by what I would call a person that stands out from the crowd.

Our casual chat converted itself to a presentation because as Ulemu shared her story with inspiring words and spoke about her investment experience with passion, all other chit chats quieted down.

The main organizer requested all to sit down and for Ulemu to stand in front and continue to share her story. Most people said that, this unplanned part of the party ended up being the most valuable aspect of the whole event.

If you would like to create your own story with us, Ulemu has already shown that ITS POSSIBLE. Call us today for an initial investment chat 

Are you on track to achieve your financial goals for 2022 and beyond? Let us help you meet or beat your target. Contact us today!



NICO Asset Managers  
Investment Management | Corporate Finance | Investor Services  
Tel: +265 222 222 222 | Email: info@nicomw.com

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LOAN**



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No need  
for security



Flexible repayment  
period of up  
to 24 months



Affordable  
interest  
rates

Visit your nearest FDH Bank Service Centre to apply for the loan today or call our Customer Call Centre on 525 for more information.



# How to Select a company to invest in.

**Kenneth M'madi**  
General Manager, Continental Capital Ltd

**I**nvesting in a company just like any other investment requires one to get as much information on the company you want to invest in. This may sound obvious, but never put your money in something you do not understand. This article lays out five basic points an investor should consider when selecting a company.

## 1. Get insights into the company

An investor should make sure that they understand how the company they are investing in makes money.

### Why is this important?

Investing in a listed company basically means you are investing in future performance of that company. When the company makes money, you as an investor also makes money.

This could be either through dividends or share price gains (capital gains). When you know how a company makes money, you will be able to relate how changes in the business environment affect operations of the company, revenue generation and

ultimately the company's profits.

## 2. Understand basic performance ratios and what they mean.

Such ratios include but not limited to Earning Per Share, EPS (The higher the EPS, the higher the return to the shareholder). Price Earnings Ratio, PE (Generally speaking, a high P/E ratio indicates that investors expect higher earnings.

However, a stock with a high P/E ratio is not necessarily a better investment than one with a lower P/E ratio, as a high P/E ratio may sometimes indicate that the stock is being overvalued). Return on Investment, ROI (The higher the ROI the better the company).

## 3. Be clear about your investment goals

Are you investing for regular cash flow (you are approaching retirement age)? Then you must invest in a company with high dividend yield. Doing so will result in bigger dividend income.

Are you investing for the long term, for

example kids college tuition fees? Then choose a company with a low Price to Book Value (cheaper shares) with potential for growth.

## 4. Basic understanding of how the economy works and how it affects the company you choose to invest in.

Basic understanding of economic fundamentals such as GDP, Interest rates, Inflation, exchange rates etc, will assist with selecting a good company to invest in.

For example, if the company you would like to invest in needs constant investment into new technologies ie (telecom companies) most likely such a company requires debt financing. When interest rates are going up interest expense also goes up leading to reduced profits for the company.

## 5. Get professional advice

Engage your stock broker or asset manager for advice on which shares to buy and why. Where there is no guidance, people fall, but in the multitude of counsellors there is safety. (Proverbs 11:14) **MSE**.



# airtel

THE SMARTPHONE NETWORK

## NKHAWA NJEE!

Imbani foni ku netiweki iliyonse pa  
mtengo wokhazikika tsiku lonse ndi  
**Airtel Kugulula**

Imbani \*265# kuti mulembetse.



# K30

## PA MPHINDI

KU NETIWEKI ILIYONSE  
NTHAWI ILIYONSE

Ndondomeko Zonse Zidzatsatidwa



# UNIT TRUSTS, A SIMPLE WAY TO INVEST

Mercy Chimbaka  
Old Mutual



**V**ery few people in life attain financial security through little or no effort. This group of individuals may have inherited a fortune or won a lottery, by chance. Most people attain financial security through investing over a longer period of time, a process which takes discipline and consistency.

Most people find it difficult to save and investing is sometimes perceived as something that can only be done by those who with “good” incomes, which is not true at all. Anyone can start a good savings habit.

Investing through Unit Trusts is a simple and affordable means of starting a good savings habit and for investing for a particular goal such as a purchase of car, land, house or for education or retirement needs. Unit Trusts are collective investment schemes that allow many investors to pool their money in a single fund for investment by a professional fund manager. The Unit Trust portfolio of investments can include a wide range of securities such as shares, bonds, property, cash and fixed deposits.

The fund manager purchases these securities on behalf of the fund, which is then split into equal units which are then priced per unit and sold to investors. Meaning

an investor purchases a number of units depending on how much they are investing.

Unit Trusts are open-ended funds meaning that investors can invest and disinvest at any time.

## BENEFITS OF INVESTING THROUGH UNIT TRUSTS

The following are some of the benefits of investing through Unit Trusts:

**Diversification:** By investing in a wide range of securities, risk is reduced.

**Professional fund management:** Investments are managed by experienced investment professionals providing an opportunity for investors with little amount of money.

**Liquidity:** Units can be sold on any business day at the prevailing price. Investors can access their funds at any time.

**Transparency:** By regulation, Unit Trust operators are required to publish prices daily, giving investors the opportunity to review the value of their investment.

## OLD MUTUAL UNIT TRUSTS

Old Mutual Unit Trust (Malawi) Limited

(OMUT) has two affordable unit trust funds namely the Interest-Bearing Assets Fund and the Balanced Fund. Both funds have semi-annual distribution of income in June and December of each year.

The minimum initial investment is MK50,000 and investments can also be made through the MpambaFesa digital platform with a minimum of MK1,000 available to TNM subscribers with a mobile wallet

The Interest-Bearing Assets Fund is suitable for short and medium-term investment goals. The fund invests in a combination of investment instruments such as Treasury Bills, Fixed Deposits, Cash holdings, Corporate and Government Bonds. The unit price remains static however the yield changes on a daily basis. The Balanced Fund is suitable for long term investment goals. The fund invests in shares listed on the Malawi Stock Exchange in addition to the interest-bearing assets listed above. Unit price changes daily and is determined by the movements in the prices of the underlying assets held by the fund.

Unit Trusts are a simple way to invest. There is no reason why you can't become an investor too. [MSE](#)

OLDMUTUAL

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to find out more about our Private Wealth Offering

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**INVESTMENT GROUP**



# INVESTING IN UNCERTAIN TIMES

Mark Mikwamba  
Managing Director, Old Mutual  
Investment Group



I hope soon we can return to some sort of normality.<sup>7</sup> Such is one of the common expressions that we have heard during what has proven to be a very devastating pandemic – COVID 19.

In this simple expression, there lies a fundamental reality, that most people, if not all of us, do not expect life to be the same as that of pre-COVID 19 pandemic. Things have changed in many ways. There have been new experiences in the financial markets because of COVID 19.

Take for example oil prices. Last year the USA contract for oil price turned negative and reached minus USD39 per barrel at some stage – I mean one would expect that if they have oil, they will always be in the money, but no, for at least a moment that was not the case.

Of course, there is a very good technical explanation for this but that does not take away the fact that the contract for oil prices in one part of the world turned negative in our lifetime because of the impact of COVID 19– something unprecedented.

If oil prices can crumble like that, what investment is safe? How can we invest in these increasingly uncertain times? Nothing extraordinary is required. Here are three things that you can do.

The open secret is that you will have to do

these things all at once and not one at a time. These are 1. Discipline; 2. Do not act on Hearsay or emotions and 3. Diversify.

Let me start with Discipline. This is one of the hardest things to do and most of us agree. For example, we all know exercise is very important, and many do it very

On the other hand, if one makes monthly investment of K100,000.00, they will buy 62,882 shares for the same amount of money, the benefit is an additional 2,882 shares. The second issue is Not Acting on Hearsay or emotions. Test the story and base your decision on insight.

Why? Because people have biases and unfortunately that has an influence on the market as emotions drive people's behaviors.

I am fond of the statement that "if it sounds too good to be true it probably is". But that statement may also suggest that if it doesn't sound too good to be true, it probably is not. Don't make investment decisions based on feelings but rather



well. But it takes a lot of discipline to be consistent with exercise. Regular savings has huge benefits, let me illustrate with a chart:

From the above chart if one invests a lumpsum of approximately K1.2 million in say January 2020 they will only be exposed to one price point in the market i.e., K20 per share and will therefore buy 60,000 shares of company X.

on insight.

The last one is diversifying. However, this is not as simple as it sounds. Why? You need to understand the links. For example, if one invests in companies A and B that may be diversification on the face of it. But if company B invests in company A that is not meaningful diversification.

All the best as you navigate these increasingly uncertain times **MSE**



Malawi Stock Exchange

**Let's stop the spread of  
covid-19**



#Sanitize  
#SafeHands  
#StopTheSpread  
#SocialDistance





## Business Journalists and the Stock Market.

Mary Chipofya  
Business Development Officer, MSE.

**T**he stock market is where investors connect to buy and sell investments; most commonly, stocks, which are shares of ownership in a public company. For instance, when you need groceries, you go to the supermarket, whereas when one needs to buy stocks, they buy them on the stock market through licensed stockbrokers. Those who own stock are commonly called stockholders or shareholders.

As a shareholder, an investor theoretically owns a percentage of everything the company owns or owes. Investing in shares is open to anyone. After you purchase your first investment in shares, you will join the ranks of investors across the country who are using the stock market to build long-term wealth. Stock is a term used to symbolize an investor's ownership in a company.

Therefore, it is very important for the public to learn what the stock market is and how it works, hence, the reason why the Malawi Stock Exchange recognizes the role that the Media plays, for the purpose of teaching and informing the general public in a positive, consistent, clear and timely manner of the organization's developmental functions of providing access to affordable capital for businesses and investment avenues for investors.

### ROLE OF JOURNALISTS IN THE STOCK MARKET

The MSE organized the Online Business Journalist Seminar from the 20th – 24th July 2020. In particular, the idea of holding the business journalist seminars was conceived cognizant of the important role the media plays in disseminating information on the role and operations of the stock market in an economy.

Our aim is to partner with business journalists in ensuring that there is adequate information flow and knowledge sharing to ensure that the public gets a good understanding of the stock market in Malawi. This is the second business journalist seminar to be organized by the Malawi Stock Exchange following the inaugural seminar that was held in January 2018. The seminar was conducted via Google Classroom due to the imposed restrictions on social gatherings in the wake of the covid-19 pandemic.

The sessions were self-paced meaning that each participant engaged with the learning materials at their own time. Learning materials included the background, operations of the MSE, trading on the MSE and the role of the Media in the Stock Market. The materials were being uploaded by 8:30 am throughout the period of the seminar. At the end of the seminar, the participants were provided with a set of stock market related quiz type of questions to attempt, of which all participants scored above 50%.

The participants included community radios covering all regions in the country and they all seemed very pleased to participate in the seminar. We hope to continue working with these Media houses and conducting more seminars to ensure that the message about the MSE is reached out to a greater audience in Malawi.

### HIGHLIGHTS OF ACTIVITIES AND FINANCIAL LITERACY INITIATIVES DONE IN 2020

The following market development activities took place in the year 2020 to promote instruments traded at the MSE such as shares and bonds as well as promoting the listing platforms; Main Board,

Alternative Capital Market and Debt Market;

- Listing of Airtel Plc. on MSE on the 25th of February, 2020
- Listing of FDH Bank Plc. on 3rd August, 2020
- Listing of 16 Government Bonds
- Participated in establishment of the Capital Market Development Association. The Chief Executive Officer, John Robson Kamanga was elected president of the Association.
- Conducted Online Business Journalist Seminar in July
- Hosted a round table discussion with journalists from different media houses
- Conducted meetings with potential issuers
- WhatsApp application (BOT) that provides information on how one can invest on the stock market was developed, and is now live.
- Participation in the Investor Education Week, organized by the RBM.
- Made a presentation and sponsored the Polytechnic Faculty of Commerce Symposium which took place on 6th March, 2020 at Amarylis Hotel.
- Enhanced interaction with our target audience through social media and other traditional advertisement platforms

The MSE believes that, if financial literacy and financial inclusion is to be achieved, then there is need to reach out to individuals in all sectors of the economy in order to spread information on investing on the MSE through our social media platforms, website, in addition to fully utilizing the various advertising platforms of Media houses such as print, digital platforms, radio and TV.

The MSE also looks forward to conducting roadshow campaigns across the country, visiting various educational institutions and corporates to sensitize the students and members of staff on how they can benefit from investing on the MSE. With regards to issuers, we plan to conduct on-going symposiums in all our three regions to promote and create our awareness of our three listing platforms; Main Board, Alternative Capital Market and Debt Market. We also have plans to rebrand the Alternative Capital Market platform to "EDGEx". This platform gives an opportunity to the small medium-sized companies to list their companies on the Stock Exchange. The aim is to help this sector to raise low-cost funds, enabling expansion, growth, and to achieve its objectives.

We also have plans to have a variety of MSE Digital products such as MSE Live Date, View Only Terminal (VOT), etc. We will also continue to participate in exhibitions organized by the MCCCCI because they provide us with a platform to promote our products or services to a group that may have little or no knowledge of our services. They also offer us an opportunity to meet existing and potential issuer and investors. So, for the MSE to be able to promote these activities amongst many others, there is a need for the organization to have a continuous working relationship with the Media. The media acts as a communication tool for the MSE to our target audiences because of their key attributes of having the wider reach, timely communication, simplified and appealing communication.

Hence, it is vital for the business journalists to know and understand the operations of the stock market, and the role they play in disseminating information about the stock market. <sup>MSE</sup>



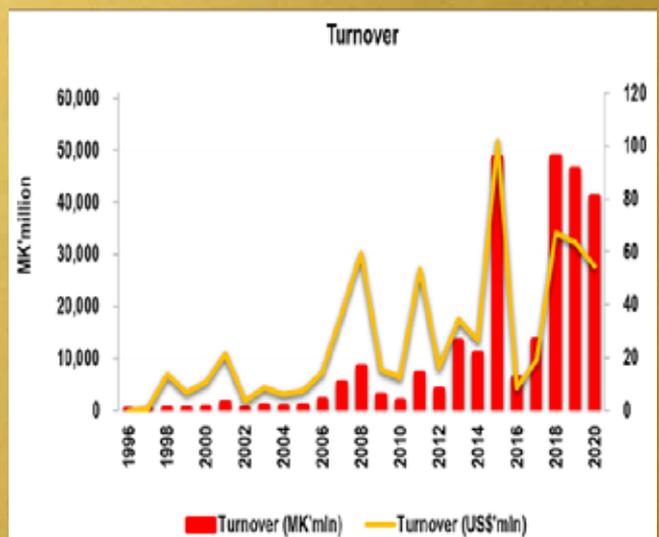
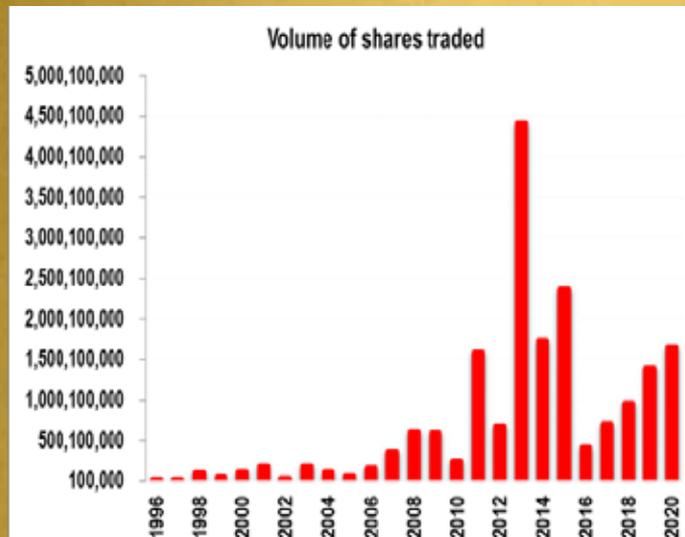
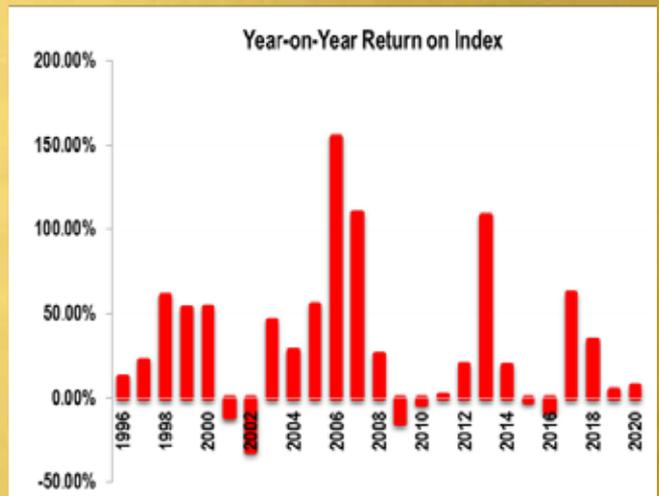
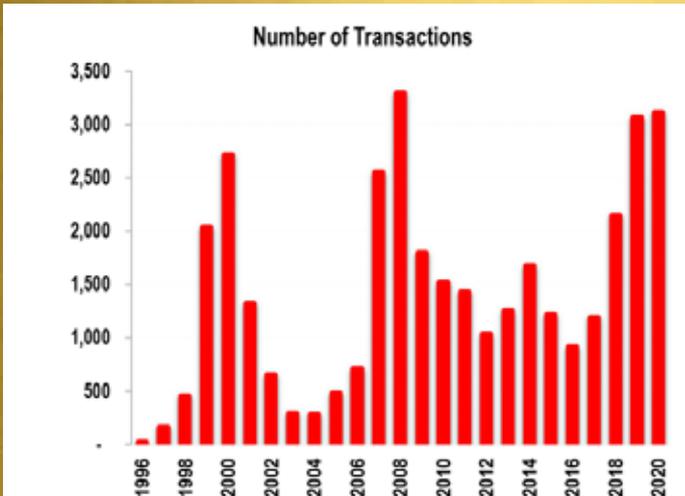
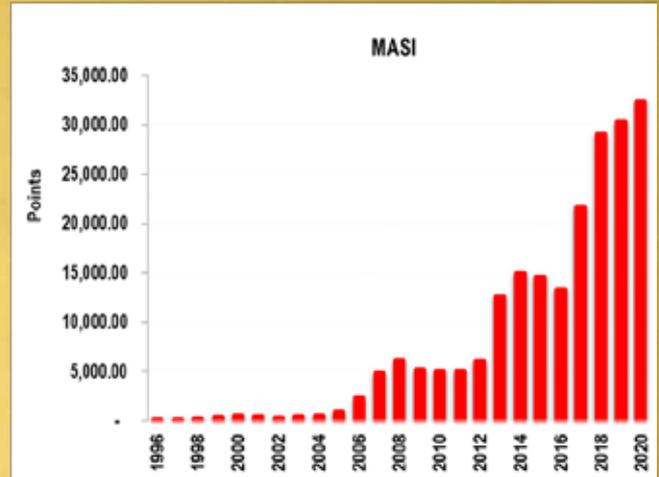
BUY AS LOW AS **1** SHARE

&

BECOME PART OWNER  
OF A LISTED COMPANY



# 2020 TRADING SUMMARY



# MSE LIVE DATA

## Stay Connected

Application & Website Linking



API Endpoint Configuration  
API Endpoint Documentation  
Full API Life Cycle Support



Malawi Stock Exchange

[info@mse-mw.com](mailto:info@mse-mw.com)

[www.mse-mw.com](http://www.mse-mw.com)



Kondwani Monjeza

**M**y name is Kondwani Monjeza, aged 26. I graduated with a Bachelor of Business Administration majoring in Management from Malawi Adventist University in 2018. I also hold a Certificate in Computing and Information Systems from Association of Business Managers and Administrators (ABMA).

I am developing a career in business administration with great interest in the fields of human resources, general administration, leadership, and accounting. My dissertation focused on corporate governance with special reference to Malawi Stock Exchange. I developed interest in the area of corporate governance because it is more concerned with ways of bringing the interests of investors and managers into line and ensuring that firms are run for the benefit of the investors.

The study was aimed at assessing the impact of corporate governance on firm performance in Malawi. It focused on how board Size, CEO duality, and proportion of non-executive directors affect firm performance as measured by return on assets and return on equity. Results indicated that board size increases firm performance. The results also found that all the companies listed on MSE have a CEO who is not the chairperson of the board. This means that the companies follow corporate governance practices. However, if the board has a large number of non-executive directors the performance is negatively affected. The study recommends that companies should consider having large board size since it increases performance. The companies should also continue to follow the guidelines stipulated in the Malawi Corporate Governance Code II.

These guidelines help the companies to act in the best interests of shareholders. The stock market is where the activities of buying, selling, and issuance of shares of publicly-held

companies take place. Such financial activities are conducted through institutionalized formal exchanges or over-the-counter marketplaces which operate under a defined set of regulations. In Malawi, this is done by the Malawi Stock Exchange. In brief, the Malawi stock exchange provides a link between financial raisers and financial suppliers (investors). It also supervises conduct of member firms.

Corporate governance can be defined as a set of processes, customs, policies, laws, and institutions affecting the way a company is directed, administered or controlled. It comprises the long-term management and oversight of the company in accordance with the principles of responsibility and transparency. The Malawi Stock Exchange provides a platform for investors to access shares from the stock market.

It also includes rules and guidelines that are followed by the companies which are listed on Malawi Stock Exchange.

I would like to encourage fellow academicians to explore more on corporate governance. There is an agency problem in most of the companies where managers work in their own interests rather than those interests of the shareholders. Corporate governance practices make sure that there are no agency problems in various companies. It is recommendable to do more research on this topic.

My message to potential companies which might be considering to list on the stock market is that they should formulate and implement complimentary good corporate governance practices and performance growth policies which lead to achievement of the overall objective of the firm, shareholder wealth maximization which is needed by investors<sup>MSE</sup>

*Kondwani Monjeza is a contributor and an alumni of Malawi Adventist University. If you are interested to contribute to this magazine through articles, stories or art that concern the Stock Market to be featured in this magazine, please register your interest through the following email address: [info@mse-mw](mailto:info@mse-mw).*



MALAWI STOCK EXCHANGE

## COMMONLY USED JARGON ON MALAWI STOCK EXCHANGE

### **Automated Trading System (ATS)**

This refers to a computerized system of trading where trades are executed online. Stockbrokers enter their trades both buy and sell orders at their offices without their physical presence at the stock exchange during trading time and the trades are matched online.

### **Ask**

Ask is the price at which you are willing to sell a share.

### **Basis Point**

One hundredth of one percent, or 0.01%

### **Bear Market**

A market in which prices of securities are generally declining.

### **Bid**

Bid is the amount that you are willing to pay for a share.

### **Bond**

A bond is a fixed income instrument that represents a loan made by an investor to a borrower (typically corporate or governmental). Bonds have a long-term maturity of 10 years and above

### **Broker**

Broker is an entity engaged in the business of buying and selling securities for and on behalf of investors at a commission.

### **Bull Market**

A market in which prices of securities are generally rising.

### **Capital Gain**

The amount by which an asset's selling price exceeds its original purchase price. A realized capital gain is an investment that has been sold at a profit, an unrealized capital gain is an investment that would result in a profit if sold

### **Central Securities Depository**

A central securities depository holds securities on behalf of investors either in certificated (physical)

or uncertificated (electronic also referred to as dematerialized) form to enable book entry transfer of securities. In Malawi the CSD holds securities in dematerialized form and is operated by the Reserve Bank of Malawi.

### **Corporate Bonds**

Bonds issued by companies to raise capital.

### **Coupon**

The coupon rate is the nominal interest rate paid by the company to its bondholders periodically in order to compensate the bond holder for lending funds to the company.

### **Closing price**

the price of a security at the end of the day's business in a financial market.

### **Dematerialization**

This is a process where investors that hold physical certificates deposit their shares to the Central Securities Depository to be converted to electronic certificates.

### **Dividend**

This is a portion of a company's earnings that is paid to shareholders, or people that own that company's stock

### **Earnings per share (EPS)**

Earnings per Share is a measure of the company's profitability from an investor's perspective. This metric that is calculated by dividing the total amount of profit generated in a period, by the number of issued shares that the company has.

### **Interim Dividend**

This is a dividend declared and distributed part way through a company's financial year, before annual profits have been calculated. Interim dividends are authorized solely by the directors.

### **ISIN**

ISIN (International Securities Identification Number) is a unique identification number allotted for each security

### **Liquidity**

This refers to how easy or difficult it would be for a market participant to sell a share or debt instrument without impacting the price

### **Malawi All Share Index (MASI)**

This is a statistical composition that measures price movements of the entire market and has a base year. MASI is a market weighted index which means each component is weighted according to the size of its total market capitalization. The Domestic Foreign Index (DSI) is composed of domestic companies only while the Foreign Share Index (FSI) is comprised of foreign companies only.

### **Portfolio**

Portfolio is a collection of securities owned by an individual or an institution that may include stocks, bonds, and money market securities.

### **Rights issue**

A rights issue entitles existing shareholders to take up additional shares in the company, usually below market price without paying any brokerage. A rights issue enables the company to raise additional funds from shareholders

### **Settlement cycle**

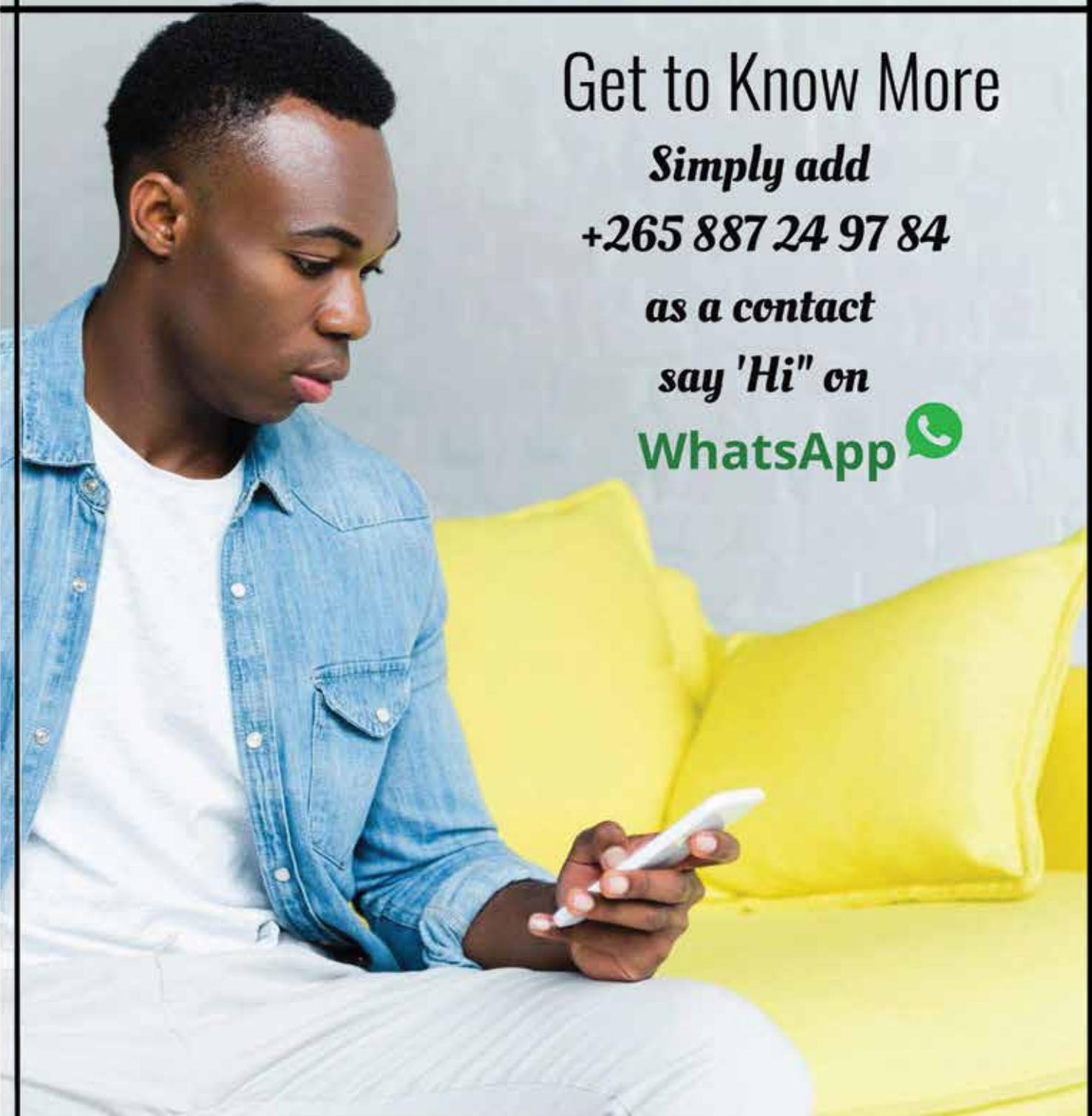
Equity markets follow a T+3 settlement cycle, which means that if a trade takes place on Monday, it gets settled on Thursday.

### **Volume Weighted Average Price**

It is the average share price of a stock weighted against its trading volume within a particular time frame, generally one day. Volume-weighted average price is calculated as the ratio of the value traded to total volume traded over a particular time horizon

### **Yield to Maturity**

Yield to maturity measures the total overall return on a bond, if the bond is purchased at today's market price and held until its maturity date. It comprises of both the yearly interest the investor earns, and the difference between what the investor paid for the bond and the amount the investor receives at the bond's maturity **MSE**



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