



## **NIMAI EMERGING FINANCIAL SERVICES FUND**

**TO BE REGULATED BY CAYMAN ISLAND MONETARY AUTHORITY (CIMA)**

**NEWSLETTER – AUGUST ISSUE**

## 1) Bangladesh

- ▶ **Economy:** The Asian Development Bank (ADB) has upgraded Bangladesh's growth estimate for fiscal 2018-19 to what would be the highest in the Asia Pacific region, in what can be viewed as a thumping endorsement for the economy's tremendous momentum. Furthermore, the ADB predicts Bangladesh will log in the highest growth in the Asia-Pacific region in 2020 too. 
- ▶ **Recent Developments:** The Government of Bangladesh is planning to bring the whole country under a Global Navigation Satellite System (GNSS) by 2020 to conduct accurate land surveys and prepare databases on land management. A project styled "Expansion of GNSS network and modernization of tidal station" involving Tk 115 crore will be tabled at a meeting of the Executive Committee of National Economic Council on. Of the cost, the Japan International Cooperation Agency will provide Tk 97 crore as grant. 
- ▶ **Latest Regulation:** The central bank of Bangladesh (Bangladesh Bank) is set to come up with a new formula for calculating the cost of funds for banks with a view to bringing down the interest rate on lending. 
- ▶ **Recent Deals:** Online product delivery company eCourier has received a new round of funding from a Hong Kong based private equity group after being valued by the group at Tk 300 crore. eCourier, one of the top delivery companies in Bangladesh, started out as a logistics service provider in 2015, now provides a range of products and services for businesses going online.

## 2) Sri Lanka

- ▶ **Economy:** Gradual recovery since the Easter Sunday attacks saw manufacturing and services expanded in July, with a significant increase in new orders and production, the Purchasing Managers Index (PMI) released by the Central Bank showed. 
- ▶ **Recent Developments:** The secondary bond market witnessed renewed selling interest by both foreign and local participants during the shortened trading week ending 16 August, which led to yields

increasing across the yield curve. The increase in the benchmark 364-day bill weighted average for the first time in 25 weeks at its weekly auction contributed to the upward movement in yields as well.



- ▶ **Recent Deals:** Mahindra & Mahindra (M&M) Ltd., a part of the \$ 20.7 billion Mahindra Group, on Saturday, expanded its global footprint with the inauguration of its local automotive assembly plant at Welipenna. Christened Mahindra Ideal Lanka Ltd., this assembly plant is in collaboration with Ideal Motors of Sri Lanka.

### 3) India

- ▶ **Economy:** Nirmala Sitharaman has become the first Indian finance minister to agree to borrow in foreign currency to finance the fiscal deficit. The plan is to raise up to 10-15% of government borrowing — \$10 billion — from the first overseas sovereign bond. In all, central government plans to borrow a record Rs

7.1lakh crore for FY 2019-2020.



- ▶ **Recent Developments:** Prime Minister Narendra Modi addressed the nation from the ramparts of Red Fort on 73rd Independence Day. In his speech, PM Modi talked about the key problems facing the nation and how India could remove all obstacles to reach Rs 5-trillion economy mark. 

- ▶ **Latest Regulation:** RBI has issued a new regulation on July 30<sup>th</sup>, 2019 allowing External Commercial Borrowing (ECBs) with a minimum maturity of 10 years can be used for working capital, general corporate purposes. 

- ▶ **Recent Deals:** Moglix - a supply chain software developer announced it had closed a \$60 million financing round led by Tiger on July 11th, 2019.

#### 4) Nepal

- ▶ **Economy:** IMF estimates that Nepal's economy will grow at 7.1% in FY 2018/19, following a growth of 6.5% in FY 2017/18. The service sector was the biggest contributor to real GDP growth for FY 2018/19,

followed by agriculture, and wholesale and retail trade.



- ▶ **Recent Developments:** Nepal Rastra Bank's (NRB) recent report has positioned Nepal in better light in terms of remittance received throughout FY 2075-76 (2018-19). According to NRB's data, Nepal received a total of NPR 784 billion in remittance from as many as 189 countries in FY 2075-76, an

increase of NPR 8 billion from around NPR 776 billion in FY 2074-75.



- ▶ **Latest Regulation:** Concerned over possible action, and even blacklisting, during the upcoming review by the Financial Action Task Force, the Government of Nepal has recently announced a new strategy to combat terrorism financing and money laundering, which includes a few stringent provisions. The government's new strategy - 'National Strategy and Action Plan for Combating Money Laundering and Financing of Terrorism,' - allows for anyone accused of financial impropriety to be investigated for

money laundering.



#### 5) Kenya

- ▶ **Recent Developments:** The Kenyan market that is supposed to hold Sh2.278 trillion, which is 30 per cent of the country's Gross Domestic Product has no takers sending down stock prices and wiping out billions

of shillings in paper wealth



As a result of the above scenario, valuations have become cheaper and has provided an opportunity for local institutional investors to take a position in the Kenyan

markets.



- ▶ **Recent Deals:** Juhudi Kilimo, a Kenyan microfinance institution, has raised EUR 2.2 mn (Kshs 252.2 mn) in equity capital from Incofin CVSO, a fund managed by Belgium-based Incofin Investment Management, for an undisclosed stake.

## 6) Tanzania

- ▶ **Economy:** Tanzania economic figures contradict World Bank's. Tanzania is considering reviewing its conclusions about economic growth, after the World Bank calculated a much lower figure for 2018. The government claims gross domestic product grew 7% last year, but the Washington based institution calculates growth of about 5% and the World Bank used the same data as Tanzania's Statistics Agency.



- ▶ **Recent Developments:** In the recently concluded 39TH Summit of the Southern African Development (Aug 17th-18<sup>th</sup>2019) Community (Sadc), the leaders agreed to take measures to take the region to another level of development. They include resource mobilization to accelerate industrialization and infrastructure development, as well as stepping up action against trade barriers, red tape and



corruption.

- ▶ **Recent Deals:** Yetu Microfinance Bank Plc is in September this year set to issue another IPO to raise Shs 2 Billion in its market capitalisation at the Dar es Salaam stock exchange (DSE).

## 7) Ghana

- ▶ **Economy:** Ghana's annual economic growth continued on a strong path at 6.3 percent in 2018, according to a World Bank report. The report which focuses on [Financial Sector Development and Financial Inclusion](#), notes that [universal financial access](#) is an attainable target in Ghana with the use of innovative technology and approaches; and the Government must continue to lead the implementation

of its financial inclusion strategy over the medium term. 

- ▶ **Recent Developments:** The Bank of Ghana has finally put paid on insolvent savings and loans companies, with renowned ones including GN Savings and Loans and Ideal Finance been part of the 23 banks whose licenses have been revoked. According to a statement released by the central bank on Friday, it said the revocation was because the banks had become insolvent even after a reasonable period within which the Bank of Ghana had engaged with them in the hope that they would be recapitalized by their shareholders to return them to solvency. 

## Target Countries – Stock Market Facts

Target Country	Stock Exchange	Market Capitalisation (USD BN)	No. of Listed Entities	Average Market Cap per listed entity (USD MN)	No. of Financial Services entities
India	BSE	1964.23	4500+	436.50	1150+
Bangladesh	DSE	45.75	586	78.07	146
Sri Lanka	CSE	15.81	290	54.52	70
Nepal	NEPSE	13.60	237	57.40	156
Kenya	NSE	22.00	64	343.75	27
Ghana	GSE	10.60	42	252.40	15
Tanzania	DSE	8.35	28	298.21	13

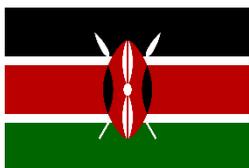
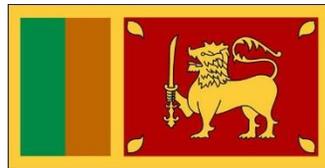
Source: Numbers obtained from respective stock exchange websites for II & III week of August 2019

The data presented in the above table perfectly encapsulates our reasoning and thesis behind choosing these countries as our target markets for Nimai Emerging Financial Services Fund. Market capitalizations have a long way to go and we believe this is an opportune time for investors to place their bets on these markets to earn strong returns going forward

### Nimai Emerging Financial Services Fund - UPDATE

- 1) The International Tax Co-operation (Economic Substance) Law, 2018 (**ES Law**) came into effect in the Cayman Islands on 1 January 2019, requiring in-scope entities that carry on activities to have demonstrable economic substance in Cayman Island
- 2) The KYC norms for investors have become much more extensive and stringent
- 3) The General Partner, Fund managers, Fund Advisors must undergo more extensive due diligence thereby increasing fairness and transparency.

### OUR TARGET COUNTRIES



## DISCLAIMER

This newsletter is prepared for information purposes only and does not constitute an offer. The market data in the newsletter has been taken from sources we believe to be reliable; we do not guarantee its accuracy or completeness. Unless otherwise stated, all statements, figures, graphs and other information included in this presentation are as of the date and subject to change without notice. The information contained herein shall not form the basis of any contract or invitation.

The newsletter does not support to contain all the information that the recipient may require. In making any decision the recipient should conduct its own investigation and analysis of information contained in the presentation and the recipient must rely on its own examination. Recipients should not construe any of the contents herein as advice relating to business, financial, legal, taxation or investment matters and are advised to consult their own business, financial, legal, taxation and other advisors. This newsletter may not be copied, re-distributed or reproduced in whole or part without the prior written approval of the undersigned.

**Nimai Capital Fund Manager Ltd.**

Telephone No.: +97145847365

Email ID: [investor.relations@nimaicapital.com](mailto:investor.relations@nimaicapital.com)

