MAURITIUS FINANCE

Mauritius International Financial Centre

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Building Africa

Mauritius as a strategic gateway

Investments

Driving global opportunities

Private Wealth

Growing the Silver Economy

Mauritius as a wealth management hub

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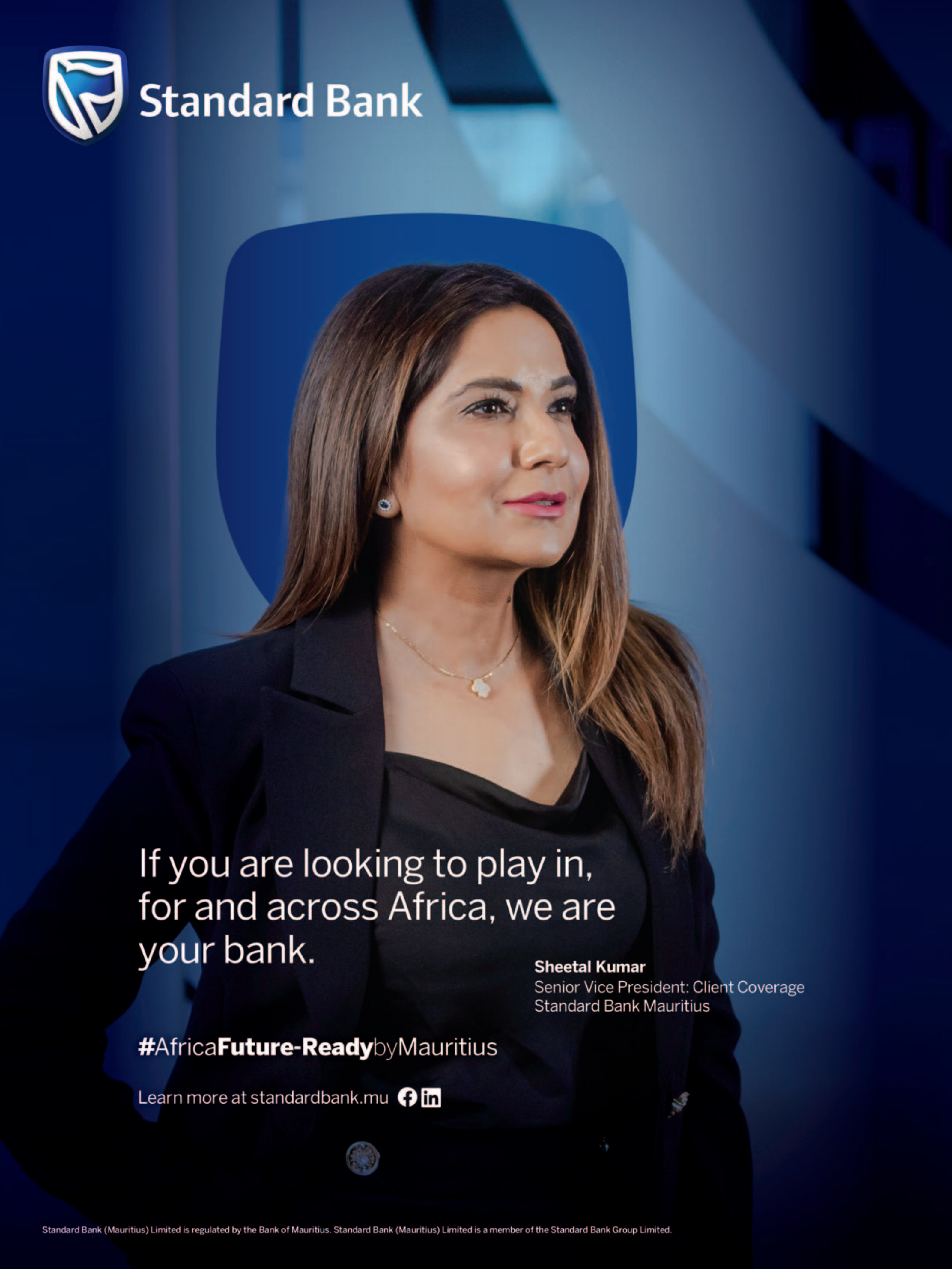
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At the forefront of wealth

The world is witnessing a significant rise in wealth, with an increasing number of High-Net-Worth Individuals (HNWIs) emerging across the globe, reshaping global financial landscapes.

The Wealth Report 2024 by Knight Frank has identified that the Asia-Pacific region is experiencing a remarkable surge in wealth creation, pointing to a 3% increase in Ultra-High-Net-Worth Individuals (UHNWIs) in 2023 and a projected 37.3% growth by 2028, to be driven primarily by India, the Chinese Mainland, Malaysia and Indonesia. The global wealth report by Boston Consulting Group (BCG) has also highlighted that India is well-positioned to be a driver of greater wealth, generating approximately USD 590 billion in new financial wealth in 2023, which was the largest increase on record. Moving forward, BCG projects that India will contribute approximately USD 730 billion annually to the overall growth of the region through 2028.

Closer to home, The Africa Wealth Report 2024 by Henley & Partners indicates that the continent's millionaire population is set to rise by 65% over the next decade, powered by strong growth in key sectors such as fintech, eco-tourism, business process outsourcing, software development, rare metals mining, green tech, media & entertainment, and wealth management.

Within this dynamic context, Mauritius stands out from the crowd with a massive 87% rise in millionaire growth rates noted from 2013 to 2023, according to Henley & Partners. This meteoric rise makes Mauritius the third-fastest growing market globally for millionaires over this period, at a time when South Africa and Egypt experienced declines of 20% and 22%, respectively. By 2033, Mauritius, with its stable governance and favourable tax regime, is on course to achieve a staggering 95% growth rate, the report notes, carving out a key role as one of the world's fastest-growing wealth markets.

This surge in global wealth has, in turn, created a clear demand for more advanced wealth management solutions, tailored to the sophisticated needs of this niche clientele.

In the light of these global trends, and with over three decades of tried and tested experience, the Mauritius International Financial Centre (IFC) is well positioned to seize the opportunities arising from this growing demand. Our IFC has developed alongside global financial shifts, building a strong foundation of credibility, expertise and innovation. Today, more than ever, we must ensure that our offerings meet the evolving needs of HNWIs and family offices seeking efficient wealth management solutions to optimise return on investment.

Mauritius must be proactive in expanding its services to remain at the forefront of global wealth management. We need to continue developing sophisticated products and services that attract an increasing number of UHNW clients looking for comprehensive wealth management. With a wide palette of services that include family offices, estate planning and financial advisory, Mauritius offers a compelling proposition to global investors.

Recent National Budget announcements have been promising. The introduction of new wealth management licenses and the extension of the Variable Capital Companies (VCC) framework to encompass wealth management services and family offices signal a commitment to boosting this sector. These measures will further enhance our IFC's capacity to cater to the needs of HNWIs by providing tailored structures across the world to invest in Asia, Africa, and beyond.

By leveraging our established track record, robust regulatory framework and experienced professionals, Mauritius is poised to become a go-to destination for HNWIs and UHNWIs seeking wealth management solutions. It is essential that we continue to innovate in technology to service a wide range of solutions, from simple to more complex structures, to meet the evolving demands of our global clientele.

By Samade Jhummun, CEO, Mauritius Finance

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Mauritius as a wealth management hub

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Mauritius positions itself as wealth management and family office hub for Africa

As the latest national budget seeks a review of the financial services sector and suggests signing Strategic Partnership Agreements with India and African countries, we turn to experts from within and without to understand how Mauritius can successfully draw on lessons from India to develop itself as a wealth hub for the emerging continent.

Mauritius has a keen eye on the African market with the number of multi-millionaires on the continent growing at a faster pace than anywhere else in the world. The latest Africa Wealth Report 2024 by Henley & Partners shows that Africa's high-net-worth individuals (HNWIs) cumulatively hold a total investable wealth of US$2.5 trillion. Moreover, the continent's 'Big 5' wealth markets — South Africa, Egypt, Nigeria, Kenya, and Morocco — collectively account for 56% of Africa's HNWIs and over 90% of its billionaires.

Rehma Imrith, Managing Director, Mauritius, IQ-EQ, highlights key report findings, stating, "The 2024 Africa Wealth Report by Henley & Partners predicts a 65% rise in millionaires on the African continent by 2033. Currently, Africa is home to 135,200 HNWIs who possess US$1m or more in investable wealth, alongside 342 centi-millionaires and 21-dollar billionaires."

Indeed, the growth story is promising, with Africa's millionaire population set to rise 65% in the next decade to 2033, with the likes of Mauritius, Namibia, Morocco, Zambia, Kenya, Uganda and Rwanda all expected to experience 80%+ millionaire growth. What makes the growth story even more sustainable is that the development narrative is fuelled by strong growth in key sectors such as FinTech, eco-tourism, business process outsourcing, software development, rare metals mining, green tech, media and entertainment, and wealth management.

In this context, it is interesting to note that the latest Mauritius National Budget 2024-25 recommends that the blueprint for the financial services sector be reassessed to factor in new opportunities, challenges and threats – with wealth management presenting a prime case for review and development. The last blueprint released in 2018 noted that private wealth management must be developed further as a key pillar which has the potential to grow 7-8% p.a. to create a USD 20 billion revenue pool by 2030.

Here, Assad Abdullatiff, Managing Director of Axis Fiduciary Ltd, which has been offering offshore management services since 2008, notes: "The surge in millionaires and billionaires across Africa presents significant opportunities for Mauritius in private wealth management. At the same time, to capitalise on these opportunities, a reassessment of the financial services blueprint is timely and necessary. The focus on corporate structuring has overshadowed Mauritius's potential as a hub for private wealth management. We must enhance the marketing of Mauritius as a premier destination for wealth management and attract more global asset managers and private banks to establish a presence here. Additionally, updating the legal framework for our wealth management products is essential to remain relevant. Most importantly, we must ensure our competitiveness on all fronts, particularly in taxation, as this sector was designed to be an enabler and multiplier for the economy, rather than a direct contributor to tax revenue."

Further, Rehma adds that Mauritius is well positioned to capture the influx of Africa's wealthy and offers the right attributes in terms of availability of a wide array of private wealth related products, risk mitigation platform and high standards of governance and compliance to attract this type of clientele. "The IFC hosts professional service providers, local and international banks, reputable law firms and investment managers, providing a conducive eco-system to support HNWIs from wealth preservation to growth and succession planning through various generations," she avers.

For his part, Gopa Kumar, Saral Group Co-founder, comments on how African businesses are displaying greater appetite for global markets, making Mauritius a natural port of call for the emerging continent as a financial services hub of note in the family office and wealth management space. Established in 2016, the Saral Group started in Dubai and India as a financial services firm offering investment management, fund management and corporate finance advisory services. Now, the growing corporate advisory firm has offices in USA, UK, UAE, Mauritius, and India.

"Africa is a growing hub, and Mauritius is well placed to take advantage of the growth in Africa by way of investments into the region. African businesses are also looking outward to expand into other geographies. Additionally, realising the consumption potential of the African diaspora, emerging market businesses are tapping into the African market. For us at Saral, being in multiple locations allows us the ability to generate and execute cross border deals, as well as connect businesses to each other in the region for our advisory services. We have now established a Fund Management Company in Mauritius in 2023, which is the Manager of Saral VCC," he explains.

We look deeper into the positioning of Mauritius as a wealth management hub, and how the island economy is leveraging historical relations with India to develop its value proposition for Africa. Looking

"The 2024 Africa Wealth Report by Henley & Partners predicts a 65% rise in millionaires on the African continent by 2033."

Rehma Imrith,
Managing Director,
Mauritius Cluster, IQ-EQ

ahead, our experts also explain how Mauritius can factor in sustainability and impact investing into its wealth management offering for Africa, as key focus areas for investors in the developed world.

Why Africa is indeed a growing avenue for investments – and how Mauritius can help

On why Mauritius is key to African business founders and family offices, Assad explains that, as a hub for wealth management since a few decades now, Mauritius has gleaned key insights from global HNWIs. He emphasises that acquiring wealth is challenging, but protecting, preserving, and passing it on is even more difficult, quoting a Chinese proverb which warns that family wealth rarely lasts beyond three generations.

"African HNWIs must therefore focus on safeguarding their wealth and ensuring future generations' lifestyles. Mauritius offers the ideal ecosystem for this, with products like trusts, foundations, and family offices, along with robust estate planning services including banking, asset management, legal support, and fiduciary services. Additionally, Mauritius provides a safe and stable environment and an attractive tax framework, featuring low taxes, no capital gains tax, no withholding taxes, and confidentiality of private information."

Here, Gopa Kumar explains that Mauritius is uniquely suited to the needs of global investors as it is constantly innovating to stay abreast of their emerging requirements for fund and fund structures – highlighting how the Variable Capital Company (VCC) is an example of just that forward-looking focus. It may be noted that Mauritius introduced the exciting vehicle under the Mauritius Variable Capital Companies Act 2022 (VCC Act) in April 2022, which allows the structuring of a VCC fund that can carry out its activities through its sub-funds and SPVs.

"We like the flexibility of operating sub funds under a master VCC as a Collective Investment Scheme or a Close Ended Fund, or a Special Purpose Vehicle. Unlike earlier structures where there is cross contamination, the Mauritius VCC ringfences each sub-fund/SPV assets so there is no impact of the performance of one sub-fund/SPV on the other. This gives the investors into a sub-fund greater confidence, and allows the fund manager to structure investments in an efficient manner. There is also the ability to pay dividends out of the capital of the VCC," Gopa Kumar explains.

Rehma echoes his view on VCCs and adds that another notable vehicle created in recent years to widen the island economy's array of private wealth products are family offices - Single-family offices (SFO) and Multi-family offices (MFO). "The family office licence holder benefits from a ten-year tax holiday based on certain employment and expenditure criteria and must have at least US$5m of assets and / or investment under management for each family under the SFO or MFO. The VCC offers structuring and operational flexibility as it can operate as a single fund or an umbrella structure with several sub-funds or special purpose vehicles. It can be used by HNW families for their private fund investing in diverse asset classes and can be combined with the family office licence for optimal benefit," she elaborates.

India and Africa: How Mauritius stands on the shoulders of two growth giants

Rehma explains that, over the years, Mauritius has become a popular fund domicile for investments into India and Africa as well as a jurisdiction of choice for corporates looking for a robust IFC to conduct business in Africa, Asia and rest of the world. In her view, the attractiveness of the jurisdiction has much to do with the fact that Mauritius has consistently been ranked first for the ease of doing business and provides a well-regulated financial services sector, together with political stability and a hybrid legal system where the ultimate court of appeal is the Privy Council in the UK, which boost investor confidence in the jurisdiction.

"In the past decade or so, Mauritius has also successfully evolved as an attractive hub for private wealth and investment management, especially targeting the African market. Although tax neutrality is an added benefit, it is not the main driver - some of the key considerations of HNWIs for choosing a jurisdiction are access to a wide range of structures and wealth management solutions, financial transparency and stability as well as ability to make cross-border transactions without any foreign exchange control or risk of expropriation of assets," she explains.

We turn next to Anirudh Damani of Artha India Ventures (AIV) which has emerging investments in the continent. Showcasing how investors in India and indeed, across the world, are bullish on the emerging continent, they are now building an Africa-specific fund with their network and co-investors in the syndicate.

"Our focus remains on areas where we can effectively scale businesses and where the regulatory environment supports sustainable growth."

Anirudh Damani of
Artha India Ventures (AIV)


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As director of Artha India Ventures (AIV), Anirudh explains that they prioritise investing their own capital before managing others', ensuring results and comfort before aggregating external capital. Africa has proved itself worthy of external capital, and AIV is looking forward to being key to this journey. "Substantial interest in Africa from Indian family offices exists, and our approach involves taking the initial steps to demonstrate the market's potential. For the Africa Fund, we seek strong partners and co-investors through the GIFT City platform. We see many parallels between the growth of the Indian startup ecosystem and the opportunities in Africa. By applying our learnings from India—both successes and challenges—we aim to support and accelerate the growth of the African market. We are excited about the prospects and look forward to contributing to this dynamic ecosystem. Our commitment to the African market is unwavering, and we are confident in our ability to make a significant impact."

Anirudh also comments on the value proposition of Mauritius as a gateway to Africa, but cautions that investors must make the effort to experience Africa first hand after sampling the continent's flavours from Mauritius. Lately, he was a keynote speaker at the India-Africa Entrepreneurship and Investment Summit (IAEF Summit) held in the island economy in late July, and believes firmly in the value of such events in giving investors a robust overview of what Africa has in store.

"My first significant exposure to Africa was at the India-Africa Summit held in Mauritius in 2019. This event marked my first visit to the African continent since 1994, particularly to Sub-Saharan Africa. These events are crucial because, from a distance, Africa remains largely unknown. Even in India, Africa seems intriguing but is often misunderstood or underrepresented in the media. However, it wasn't until I visited Kenya and saw the on-the-ground realities that I realised the continent's immense potential. Making a few investments there confirmed that while it is not an easy or cheap market with risks, there are significant opportunities if approached wisely. Mauritius can indeed serve as a gateway between the continents, but investors need to experience Africa firsthand," he cautions.

For his part, Dr Mukund Rajan, Chairman of investment advisory firm ECube Investment Advisors, agrees that events like the IAEF Summit are very important in positioning Mauritius as a credible destination for capital and investment activity. He adds, "These events facilitate the expansion of networks that participants in Africa's growth story will need to succeed in their business operations. They also shine a light on the determination of Mauritius to absorb global best practices, learn from the experience of other successful markets, and deploy the investments and resources necessary to build the local human capital and skills that will drive the country's emergence as an important and trusted hub for global capital movements."

Working on the back of a qualified and bilingual workforce

Speaking of human capital and skills needed for the wealth management space, where Mauritius has clearly much to learn from India, we turn to the budget which proposes the introduction of a 10-year expert Occupation Permit (OP) to attract foreign talents in the wealth management and family office space.

Commenting on this key measure to develop the wealth management proposition further, Assad emphasises, "It is a positive step toward attracting foreign talent in wealth management and family office space, but we must also better target individuals who are likely to relocate to Mauritius, ensuring the island meets their professional and lifestyle expectations. As I said earlier, a more holistic approach is required to develop Mauritius as a wealth hub for Africa. Additionally, retaining existing talent is crucial, and this can be achieved by investing in training and upskilling those who have primarily operated in corporate environments to transition into wealth management. A comprehensive strategy will be key to unlocking the sector's full potential."

For Gopa Kumar, who sees Mauritius as key to connecting the dots between India and Africa, the key lies in the friendly and open environment that the jurisdiction offers, both on a people and regulatory front. He concludes: "I spent 3 years in an earlier stint as the CEO of a newly established bank, and loved the openness and warmth of the Mauritian people. The regulators, government, quasi government agencies are always business focused and open to working with firms like us to establish, scale and expand our product and service offerings. The Mauritius IFC has created an ecosystem that brings together various participants of the economy and allows the country to attract foreign investment and foreign nationals to its shores. A joint collaborative effort in this manner is not an easy task and Mauritius IFC should be commended for

"The surge in millionaires and billionaires across Africa presents significant opportunities for Mauritius in private wealth management."

Assad Abdullatiff,
Managing Director of
Axis Fiduciary Ltd

attempting to do this very successfully. This is different from other jurisdictions where one has to deal with multiple agencies to get an understanding of the ecosystem and establish themselves."

Finally, Rehma avers that the qualified and bilingual workforce are an important asset for the success of the IFC.

Sustainable and impactful investments: How Mauritius can help Africa on both fronts

Moving on, Assad comments on the key structures that Mauritius offers to support African private clients in managing their wealth, noting especially that Mauritius is an ideal jurisdiction for the establishment and administration of philanthropic structures such as trusts and foundations.

"Philanthropy today requires a business-like approach, where good governance, professional management of funds, and measurable impact are paramount. The country's well-regulated environment ensures that philanthropic initiatives are managed with integrity and transparency. Additionally, Mauritius provides political stability, tax efficiency, and access to a network of wealth management experts. These attributes make it a compelling choice for clients looking to 'do good while doing well,' effectively managing their wealth for societal impact," he explains.

Rehma adds for her part that, leveraging on its state-of-the-art infrastructure, modern and innovative legal framework and ease of doing business regime, Mauritius offers an array of competitive structures to private wealth clients such as family offices, trusts, foundations and private trust companies.

"Traditionally, trusts have been the preferred planning tool for asset protection and estate planning for HNWIs. The Mauritius Trusts Act is based on the English common law trust model and is an innovative legislation which allows for the establishment of various types of trusts – fixed, discretionary, purpose, sharia-compliant and charitable trusts. The provisions of the law provide a lot of flexibility in the way the trust is structured to suit the personal and business needs of a HNWI and a wealthy family," she explains, moving on to foundations next. Here, she notes that the enactment of the Foundation Act in 2012 has broadened the range of private wealth structures available in Mauritius. "The concept of foundation is more appealing to clients in civil law jurisdictions as it has the attractions of a trust while having some of the benefits of a company such as separate legal personality and provides comfort and a certain level of control to the HNWI or wealthy family in the manner that their family assets are managed by the council of the foundation," she opines.

Finally, she highlights the Private Trust Company (PTC) as another vehicle available in Mauritius for the proper planning, preservation, management and transmission of assets for HNW families. "Put simply, a PTC is a corporate vehicle established for the specific purpose of acting as a trustee for a family's trusts. It enables family participation, gives greater control to the family members over their assets and can morph into a family office where all the family's financial affairs can be centralised. As an umbrella structure, the PTC allows for different trusts to be set up depending on family or business needs as well as caters for the charitable and philanthropic activities. It also provides a structured way to pass control over the family assets and business interests to the next generation," she elaborates.

Speaking last year at the Bloomberg Financial Forum for the Mauritius Discovery Series at Port Louis in September 2023, Harvesh Seegolam, Governor of the Bank of Mauritius, had commented that the recently launched Sustainable Finance Framework governs the issue of green, social, sustainability and thematic bonds, loans or other debt instruments or sustainability-linked bonds, loans or other instruments.

For his part, Dr Mukund Rajan widely regarded as a sustainability expert, spoke recently at a CFO Leadership Summit 2024 in India on the critical role of ESG in today's market. He also eyes a stronger foothold in the island economy with ECube commencing some exciting work in Mauritius soon. He explains both his views as a sustainability expert on the growing investor focus on green investments, and adds how Mauritius can plug this gap for Africa-facing investors.

"Most investors essentially seek prudent risk-adjusted returns from their investments. They see the growing influence on stakeholders of ESG-related issues, spanning the regulatory actions of governments to address climate change mitigation and adaptation at one end of the spectrum to the individual choices of customers embracing environment-friendly solutions such as rooftop solar

"The Mauritius IFC has created an ecosystem that brings together various participants of the economy and allows the country to attract foreign investment and foreign nationals to its shores."

Gopa Kumar,
Saral Group Co-founder

at the other end of the spectrum. Consequently, they are increasingly seeking out businesses to invest in, which are able to forecast and manage regulatory and other risks well and which are prepared, earlier than their competitors, to embrace the new business opportunities being thrown up by the green economy. The businesses that gain investor support typically have put in place effective ESG governance measures, linked ESG outcomes to employee performance incentives, developed strategies to derive resource efficiencies, made significant investments in innovation and R&D, and endeavour to transparently engage with their stakeholders," he explains.

Moving to Mauritius, he adds that it is clear the island economy needs a stronger ecosystem built around capabilities to assess, verify and manage sustainable investments needs to develop. At the same time, recent events show how Mauritius is taking great strides in this arena. "I have to say that I am very impressed with the keenness of participants in the IAEF Summit to learn how they can improve and perform better. In a world where capital flows will increasingly be directed to sustainable opportunities, Mauritius has a great deal to offer, from exciting local investment opportunities to a hosting location with a wonderful quality of life for international investors seeking opportunities in Africa and beyond," he elaborates.

A growing Africa needs both India and Mauritius to support its rising ambitions

To understand Africa's true potential, we turn to Anirudh to explain how he sees the region growing, with Artha India Ventures currently managing over ₹ 1,100 crore (US$135 million) in start-up capital spread over 120 investments across India, the US, Israel, and Africa. "About 4-5% of our portfolio is in Africa, representing 1-2% of our AUM. With the advent of GIFT City and the flexibility it provides, we are planning a significant return to Africa and are committed to expanding this presence numerically and in terms of AUM percentage. Our optimism for the future of African markets is unwavering, especially after witnessing the growth of companies like Peach Payments, which has offices in Mauritius as well. We are eager to explore investment opportunities across the continent, particularly in regions that foster innovation and economic growth. Our focus remains on areas where we can effectively scale businesses and where the regulatory environment supports sustainable growth. We are committed to expanding rapidly in regions that meet these conditions."

Elaborating further what makes Mauritius an ideal platform for the growing continent while drawing from its rich past with India, Dr Mukund Rajan concludes that Mauritius has traditionally enjoyed strong ties with India, not least because a large part of the population is of Indian origin. To his mind, this makes the island economy ideally suited to offer the necessary support and infrastructure for channelling Indian capital into the continent, as more Indian businesses seek out new markets in Africa. "Mauritius is equally comfortable engaging with the Francophone and Anglophone parts of Africa, enjoys a strong reputation as a stable and well governed economy (unlike a number of African countries, it is not "grey listed" by the Financial Action Task Force), and through platforms such as the Stock Exchange of Mauritius offers easy capital convertibility to multiple internationally accepted currencies like the US dollar. With new opportunities for "green" investing emerging in Africa, and capital movements to the continent that will need to expand ten times by the end of the decade from the current volumes of just under $30 billion each year, Mauritius is poised to become the premier hub for sustainable finance movements in this part of the world," he avers.

Finally, with the Mauritian budget highlighting the possible signature of a Strategic Partnership Agreement (SPA) with African countries, we turn to Assad to understand how this would help set the tone for the Mauritian IFC of the future, especially in the wealth management and family office arena. Here, he cautions that the value add of this measure depends on its scope, and its strategy must be to avoid overlaps with existing agreements such as Double Taxation Avoidance Agreements (DTAAs), Investment Promotion and Protection Agreements (IPPAs), and its membership in regional groups like SADC, COMESA, and the African Union.

"The scope of new SPAs must be carefully considered to avoid duplication. Key areas to focus on include regulatory alignment to ensure seamless operations across jurisdictions and talent mobility to facilitate the movement of skilled professionals between Mauritius and partner countries. This approach will help enhance Mauritius's position as a premier wealth management hub while addressing the evolving needs of the sector," concludes Assad.

"In a world where capital flows will increasingly be directed to sustainable opportunities, Mauritius has a great deal to offer, from exciting local investment opportunities to a hosting location with a wonderful quality of life."

Dr Mukund Rajan,
Chairman,
ECube Investment Advisors

SHAMIMA MALLAM-HASSAM
MANAGING DIRECTOR, TRIDENT TRUST (MAURITIUS) LTD AND CHAIRPERSON, MAURITIUS FINANCE

“Mauritius should offer wealth management services tailored to African HNWIs, family offices”

Please elaborate the key reasons that make Mauritius an attractive hub for managing African private wealth/ investments.
Mauritius has emerged as a preferred hub for managing African private wealth and investments for reasons such as our favourable tax environment with a low corporate tax rate and no capital gains tax; double taxation avoidance agreements (DTAA) with several African countries; and no exchange control which allows for the free repatriation of capital.

Our comprehensive legal and regulatory framework is also a key reason why private clients choose Mauritius. The country offers a range of corporate and trust structures as essential tools for wealth management and estate planning.

Further, the banking sector in Mauritius is well-regulated and offers a wide range of services, including private banking, investment advisory, and wealth management services. The ability to hold multi-currency accounts, facilitating cross-border transactions and global wealth management, is a key advantage.

Mauritius offers residency programmes for HNWIs and their families, making it an attractive destination for those looking to manage wealth from a stable jurisdiction with a high quality of life.

Last but not least, Mauritius adheres to international regulatory frameworks and is seen as a reputable jurisdiction for wealth management.

These factors, combined with Mauritius' growing reputation as a safe, efficient, and attractive jurisdiction for managing African wealth and investments, make it a strategic choice for investors looking to tap into African growth opportunities.

What are the key structures that Mauritius offers to private wealth clients?
Mauritius offers a variety of legal and corporate structures that provide flexibility, asset protection, tax efficiency, and a robust legal framework to ensure confidentiality and long-term security, with trusts and foundation being the most common structures used.

There are different types of trusts:
- Discretionary Trusts
- Purpose Trusts
- Asset Protection Trusts
- Private Trust Companies (PTC)

Besides, the family office structures are also interesting vehicles. For ultra-high-net-worth individuals, Mauritius offers the option to establish a family office to manage the financial affairs, investments, and estate planning needs of one family. The Multi-Family Office (MFO) allows several families to pool resources and share costs, offering economies of scale and expert financial management.

Could you comment on how trusts and foundations are geared to give Mauritius an edge?
Mauritius has carefully designed its trust and foundation laws to position itself as a competitive and attractive jurisdiction for private wealth management (PWM).

Mauritius trusts are highly flexible and can be tailored to meet various needs, such as estate planning, asset protection, and tax optimisation.

The Mauritius Foundation combines elements of both trusts and corporations. This allows it to cater to clients who are more familiar with corporate structures while still maintaining confidentiality and asset protection benefits.

Mauritius trusts and foundations provide a high degree of privacy. Beneficiaries' identities can be kept confidential, which is a major concern for private wealth clients who prioritise discretion. The jurisdiction protects sensitive information, and disclosure is only required in cases of criminal investigations or international obligations. In addition, Mauritius does not require trusts to be registered publicly, ensuring that information about the trust, its settlor, and its beneficiaries remains private.

Trusts and foundations in Mauritius provide strong asset protection features. Trust assets are protected from claims by future creditors and cannot be seized or expropriated. This makes Mauritius a preferred jurisdiction for individuals seeking to protect their wealth from litigation or political risk back home.

Mauritius foundations are especially well-suited for succession planning, allowing families to control the distribution of wealth across generations. Mauritius has no forced heirship laws, meaning settlors and founders can distribute assets according to their wishes, free from legal obligations imposed in jurisdictions such as France or parts of the Middle East.

Overall, these features make Mauritius a highly competitive wealth management jurisdiction, giving it an edge over others such as the Cayman Islands, British Virgin Islands, and Switzerland.

The National Budget (2024-25) recommends that the blueprint for the financial services sector be reassessed. What key developments have taken place in PWM in Mauritius since the last blueprint was released pre-COVID?

Since the release of the last Mauritius Financial Services Sector Blueprint (2018-2023), there have been several significant developments in the PWM sector in Mauritius, reflecting its proactive approach to adapting to global trends in wealth management, regulatory compliance, and investment opportunities.

The PWM sector in Mauritius has expanded its financial product range, including private equity funds, real estate investment trusts (REITs), structured finance products, and venture capital funds, offering greater diversification for wealth management clients.

The local private wealth landscape has also experienced significant digitalisation efforts in recent years, with the introduction of real-time digital access and a strong custody services offer. HNW customers in particular want the best of both worlds as they are not ready to forego the human touch but they are also looking for a bank that can provide them with a complete digital banking experience.

To support the growing family office sector, Mauritius has developed regulations that make the country an ideal base for family offices, offering tax efficiency, asset protection, and proximity to key African markets.

Mauritius has introduced residency and citizenship by investment programmes, which, combined with favourable wealth management structures, make it an attractive jurisdiction for global investors eying both financial services and lifestyle benefits. Further, Mauritius has also promoted its smart city developments.

How would you propose taking forward the sector in a post-COVID context?

As the global regulatory landscape evolves, Mauritius must continually update its laws in line with OECD/FATF/EU standards, ensuring that its reputation as a transparent and compliant jurisdiction remains intact. Strengthening Anti-Money Laundering (AML)/ Countering the Financing of Terrorism (CFT) measures will be crucial in maintaining international confidence.

> “Mauritius should position itself as a leader in sustainable finance and impact investing “

The government could further boost its family office services by reviewing the existing regime and creating specialised legal frameworks – on tax incentives, lower operational costs, or streamlined procedures – to support the establishment and management of family offices.

The sector should continue to embrace FinTech solutions to improve client service offerings, such as AI-driven advisory, blockchain for transparent and secure asset management, and advanced cybersecurity.

With rising global interest in cryptocurrencies and blockchain, Mauritius should further enhance its regulatory framework to accommodate digital asset management. It should position itself as a leader in sustainable finance and impact investing. Developing financial products that align with ESG criteria will attract a growing number of socially conscious investors, particularly from Europe and Africa.

With rising wealth in Africa, Mauritius should deepen its relationships with African economies and offer wealth management services tailored to African HNWIs and family offices.

Mauritius should also enhance its international marketing efforts to promote itself as a leading jurisdiction for PWM in Africa and also target new markets such as the Middle East, Asia, and Latin America.

Given the rise in REITs and the development of smart cities, Mauritius can further develop its real estate investment products to attract investors looking for both financial returns and residency opportunities.

Mauritius has made significant strides in becoming a leading hub for private wealth management, especially in Africa. The sector should continue to enhance its regulatory framework, embrace digital innovation, promote sustainable investing, and build regional partnerships to cement its position as a premier wealth management jurisdiction.

The budget proposes the introduction of a 10-year expert Occupation Permit (OP) to attract foreign talents in wealth management and family offices. How do you see this measure mitigating the traditional barrier of limited skilled financial talent?

Mauritius should focus on upskilling its workforce in specialised areas of private wealth management, such as family office administration, estate planning, and digital asset management. Building local expertise and talent management will strengthen the sector’s competitiveness on a global scale.

The country could also establish wealth management training centres and certification programmes, in partnership with global institutions, to position Mauritius as a regional hub for wealth management talent.

The measure announced to open up and attract foreign talents under a 10 year expert OP will help achieve this.

Growing the Mauritian silver economy – a wealth management perspective

Sangeetha Ramkelawon of BCP Bank (Mauritius) explains how, driven by an ageing world population, the silver economy presents a unique opportunity for Mauritius to attract expatriates aged over 50 seeking to relocate to a secure and well-regulated financial environment. She highlights global and local demographic shifts that signal why Mauritius must capitalise on its strengths in wealth management and address any weakness in financial services to cater to this expanding segment.

Johann Juraver on Unsplash

While the global population of individuals aged 60 and above is set to double by 2050, reaching 2.1 billion, Mauritius is no exception to this trend. Over the next decade, the country's population of 5,100 millionaires is expected to increase by an impressive 95%, according to Henley & Partners' 2024 Africa Wealth Report. Moreover, according to Statistics Mauritius, the number of beneficiaries of Basic Retirement Pension reached 259,747 in June 2023, a 3.7% increase compared to June 2022, and the number is continuously on the rise.

The demographic transition in the country is further amplified by an influx of expatriates from Europe and South Africa, attracted in equal measure by the sweet perspective of living their later years in the sun and the island's favorable living conditions.

In these circumstances, the silver economy is more buoyant than ever, encompassing all economic activities catering to those aged 50 and above*, including their direct purchases and the subsequent economic activity generated. As it is now commonly acknowledged that seniors, alongside older professionals aged 45-64, are still the wealthiest age cohort globally**, the country must continue to capitalise on this growing consumer base.

Mauritius taking firm strides to develop its silver economy

With a structured framework, family offices and seasoned wealth management firms, relevant products and a solid foundation in traditional investment advisory services, Mauritius can position itself as a destination of choice for affluent retirees. The Economic Development Board of Mauritius has gradually enhanced the offering to attract investors in their Silver Economy strategy. The retirement permit, available to individuals over 50 who can contribute $18,000 annually into a personal bank account in Mauritius, is a popular route.

Additionally, retirees can obtain a residence permit by purchasing property in Mauritius, with no minimum investment required for senior living units under the Property Development Scheme. Outside this scheme, a minimum investment of $375,000 is necessary, which may restrict accessibility to high-net-worth individuals (HNWIs).

> Seniors, alongside older professionals aged 45-64, form the wealthiest age cohort globally

However, to fully harness the potential of the silver economy, Mauritius must address the challenge of attracting, developing and retaining talents with the relevant competencies in estate planning, wealth management, high-end adapted conciergerie services, to accompany this clientele so that we can develop our silver economy. People aged 50 and above, including baby boomers, especially the HNWIs, prioritise physical and financial security, through comprehensive financial planning, high-quality healthcare, secured living arrangements – including assisted living facilities and retirement villages – as well as leisure amenities, and high-end real estate. Fortunately, as far as security and stability are concerned, Mauritius retains its position as the most peaceful country in Sub-Saharan Africa, and ranking 22nd globally, according to the Global Peace Index 2024.

Barriers to attracting and retaining affluent retirees

At the same time, despite strides in developing smart cities and enhancing the economic landscape, a few areas of concern remain. For instance, the healthcare facilities, especially when it comes to state-of-the-art medicine, must meet international standards, since we do not want the absence of specialised medical care to be a limiting factor when it comes to attracting and retaining HNWIs.

Additionally, to attract and retain a wealthy clientele, Mauritius must leverage its existing advantages – no inheritance tax or wealth tax, for example – while further addressing the needs of the silver economy. This demographic shift indeed presents an opportunity for the financial sector to expand its services and cater to a growing market segment.

Wealth management firms and banks present in the Mauritius International Financial Centre, can play a crucial role in providing tailored financial planning, investment advisory, and succession planning services, tapping into the diverse products offered by a variety of providers. Knowing that the country's population is set to undergo an impressive growth during the next decade, our financial services must therefore be geared toward addressing this burgeoning demography, ensuring innovative solutions to meet their sophisticated needs.

Silver linings: the virtuous cycle of affluent retirees

The influx of foreign retirees also brings benefit to the country through residence permits. These individuals contribute to the local economy through property purchases, consumption of goods and services, and investment in local businesses. It is important to note that in 2023, Mauritius attracted foreign direct investments of close to MUR 40bn with real estate investments being one of the major contributors.

By creating an environment that caters to their needs, Mauritius can attract a steady flow of affluent retirees, boosting economic growth and enhancing the island's reputation as a leading retirement destination. In parallel, the silver economy offers Mauritius a significant opportunity to grow its financial sector and remain an attractive jurisdiction for those in their golden years.

By Sangeetha Ramkelawon, Deputy CEO, BCP Bank (Mauritius) Ltd

* The European Commission first defined the silver economy as the economic opportunities arising from the public and consumer expenditure related to population ageing and the specific needs of the population over 50, encompassing health and nutrition, leisure and well-being, finance, transport, housing, and even employment.

** Wolfgang Fengler: "The silver economy is coming of age: A look at the growing spending power of seniors" - blog article published on Brookings.edu.


*non-contractual pictures
TIMELESS
ELEGANCE
INFINITE
LUXURY

Bespoke fund solutions: How Mauritius is shaping the future of wealth management

Brendan Gallagher of Lima Capital LLC delves deep into how Mauritius is shaping the future of wealth management by providing flexible, cost-effective, and internationally recognised fund structures that cater to the evolving demands of the investment community.

Mauritius has rapidly become a key hub in the global wealth management industry, offering tailored fund solutions that meet the specific needs of investors and fund managers. With its strategic geographical location, robust regulatory environment, and attractive fiscal policies, Mauritius is gaining recognition as a preferred jurisdiction for establishing and managing funds.

Mauritius: A strategic hub for bespoke wealth management solutions

Mauritius has positioned itself as a leading jurisdiction for wealth management in the African and Indian Ocean regions. Known for its advantageous tax system and extensive network of Double Taxation Avoidance Agreements (DTAAs), Mauritius offers fund managers and investors a reliable and efficient environment for structuring international investments.

The island's sound political and social stability further enhances its appeal, providing a secure backdrop for wealth management activities.

The advantages

Bespoke fund solutions in Mauritius provide fund managers with the flexibility to tailor their funds according to specific investment strategies and investor needs. These structures are designed to accommodate a wide range of asset classes, with varying investment approaches, from traditional equities to specialised assets and private equity.

The ability to create customised solutions ensures that funds domiciled in Mauritius can efficiently meet the demands of a global client base, while also benefiting from the island's regulatory and fiscal advantages.

Key features of Mauritius as a wealth management jurisdiction

Mauritius offers several key attributes that make it an attractive jurisdiction for wealth management:

- **Favourable Tax Regime:** Mauritius offers a competitive tax environment, with investment funds subject to a tax rate of 15% on net chargeable income. The absence of withholding taxes on dividends, capital gains, and interest further enhances its appeal. Additionally, funds with a Global Business Licence benefit from a partial 80% tax exemption, leading to an effective tax rate of just 3%.

- **Strong International Relations:** Mauritius has signed 45 Double Taxation Avoidance Agreements (DTAAs) and 29 Investment Promotion and Protection Agreements (IPPAs), with several more pending ratification. These agreements provide significant advantages, including protection against expropriation, free repatriation of capital, and access to larger markets.
- **Political and Social Stability:** Mauritius is ranked first in Africa for ease of doing business and is recognised as the most peaceful country in Sub-Saharan Africa. This stable environment is crucial for long-term wealth management and investment activities.
- **Secure Legal and Regulatory Frameworks:** The robust legal and regulatory frameworks in Mauritius, including compliance with international AML/CFT standards, provide a secure and trustworthy environment for fund management.

How Mauritius is shaping the future of wealth management

Mauritius is at the forefront of the evolution in wealth management by offering innovative and adaptable fund structures. The introduction of the Variable Capital Company (VCC), for example, adds flexibility and efficiency to fund management. By allowing multiple sub-funds within a single legal entity, VCCs streamline operations and reduce costs, making them an attractive option for global fund managers.

As digital assets, FinTech, and Artificial Intelligence continue to evolve, they bring both significant opportunities and challenges for Mauritius. To address these developments, Mauritius has introduced several key regulations, such as the Virtual Asset and Initial Token Offerings Services Act 2021, Peer-to-Peer (P2P) Lending Rules 2020, Crowdfunding Rules 2021, and frameworks for Payment Intermediary Services (PIS) and Robotic and Artificial Intelligence Enabled Advisory Services. It is essential for Mauritius to continually assess and refine its regulatory framework, ensuring that it strikes a balance between fostering innovation and protecting consumers. This vigilant approach is vital to providing these emerging services effectively while maintaining investor confidence.

Regulatory framework and compliance considerations

Mauritius' regulatory framework is designed to facilitate the smooth operation of investment funds while ensuring compliance with international standards. The Financial Services Commission (FSC) of Mauritius oversees the authorisation and regulation of funds, ensuring that they adhere to the necessary requirements.

These include submitting a proposed fund prospectus, private placement memorandum, and fund agreements. The FSC's rigorous regulatory oversight provides a secure environment for both fund managers and investors.

Common misconceptions about fund solutions in Mauritius

One common misconception about Mauritius is that it only offers benefits due to its favourable tax regime. While the tax advantages are significant, Mauritius also provides a stable and transparent regulatory environment, robust legal frameworks, and strong international relationships that contribute to its standing as a premier jurisdiction for wealth management.

Another misconception is that Mauritius is primarily suited for small-scale fund managers. This is far from the truth. The jurisdiction has demonstrated its capacity to accommodate funds of all sizes and complexities. From boutique fund managers to large-scale investment power houses such as Black Rock, Mauritius offers a flexible and scalable platform for clients to leverage. Its ability to tailor fund solutions to specific investor requirements, coupled with its efficient fund administration industry, makes it an attractive choice for a diverse group of stakeholders.

The future of wealth management with bespoke fund solutions in Mauritius

As the global wealth management landscape continues to evolve, Mauritius is well-positioned to lead the way with its bespoke fund solutions.

The island's commitment to maintaining a competitive and transparent environment, coupled with its innovative regulatory developments, ensures that Mauritius will remain a preferred destination for fund managers seeking to establish and manage funds that meet the complex needs of today's investors.

By Brendan Gallagher,
Founder & Advisor,
Lima Capital LLC

Navigating the Future of Asset and Wealth Management

The Asset and Wealth Management (AWM) sector is undergoing rapid transformation, driven by technological advancements, regulatory changes, and evolving investor expectations. PwC Mauritius recently hosted a pivotal event addressing these trends and their implications for the Global Business sector. The event gathered industry leaders, regulators, and stakeholders to explore the challenges and opportunities shaping the future of AWM.

Global Economic Context and Industry Challenges

The global economic landscape has been marked by significant volatility, inflationary pressures, and geopolitical uncertainties. These factors have profound implications for the AWM sector, affecting investment strategies, risk management, and regulatory compliance. Olwyn Alexander, Global AWM Leader at PwC, emphasised the need to navigate these challenges by leveraging strategic foresight and adaptive leadership to ensure long-term success and resilience in the industry.

Olwyn Alexander pointed out that while market volatility poses risks, it also presents opportunities for diversification and innovation. For instance, the growing interest in digital assets and blockchain technology is reshaping investment paradigms, offering new avenues for value creation. However, the adoption of such technologies also necessitates robust regulatory frameworks and risk mitigation strategies.

The Decision Makers' Stance

The former Minister of Financial Services and Good Governance, Mahen Seeruttun, expressed confidence that the Mauritius financial centre has the strength to thrive as a platform for asset and wealth management. Today, AWM is a key pillar of the Global Business sector and contributes to the country's financial stability. However, globalisation is driving significant changes in businesses and traditional models are evolving. Diversification is crucial for enhancing the country's resilience and reducing reliance on the sector. The Minister highlighted talent retention as a critical issue that requires special attention and noted the interest of multinational companies in establishing a presence in Mauritius to tap into investment opportunities in Africa.

Embracing Disruptive Technologies

One of the central themes of the event was the transformative impact of disruptive technologies on the AWM sector. Digital assets, artificial intelligence, and data analytics are revolutionising asset management practices, enabling more efficient operations and enhanced client experiences. These technologies facilitate better decision-making by providing deeper insights into market trends, investor behaviour, and portfolio performance.

The panel discussions highlighted that embracing digital transformation is not just about technology adoption but also about cultural change within organisations. Firms need to foster a culture of innovation, agility, and continuous learning to stay ahead of the curve. This involves upskilling employees, investing in cutting-edge technologies, and collaborating with tech startups and fintech companies.

PwC global report on asset and wealth management trends also highlights the increasing integration of environmental, social, and governance (ESG) factors into investment strategies. This trend reflects a growing investor preference for sustainable and socially responsible investments, further driving the need for technological advancements in ESG data analytics and reporting (PwC).

Nearly 90%

of institutional investors believe that the use of disruptive technological tools (including big data, AI and blockchain) will lead to better outcomes and returns from their portfolio

PWC Global AWM and ESG Research Center 2023

67%

of tax leaders say they're outsourcing a portion or all compliance duties to juggle the increased demand

PwC Pulse Survey, August 2023

Regulatory Frameworks and Compliance

Regulatory compliance remains a critical aspect of the AWM sector, especially in the context of increasing scrutiny and evolving standards. The event underscored the importance of a proactive approach to regulatory compliance, emphasising that firms must stay abreast of regulatory changes and adapt their practices accordingly.

In the context of Mauritius, the speakers highlighted the role of regulatory frameworks in ensuring market stability and protecting investor interests. Effective regulation can enhance transparency, reduce systemic risks, and foster investor confidence. However, compliance should not be seen as a mere obligation but as an opportunity to build trust and enhance the firm's reputation.

Strategic Opportunities in the AWM Sector

Mauritius, with its strategic location and robust financial infrastructure, is well-positioned to capitalise on the emerging opportunities in the AWM sector. The event underscored the island's potential as a resilient financial hub, attracting global investors and fostering economic growth.

The panellists discussed various strategic opportunities for the AWM sector in Mauritius, including the development of new investment products, expansion into emerging markets, and leveraging the island's expertise in sustainable finance. Sustainable investing, in particular, is gaining traction as investors increasingly seek to align their portfolios with ESG principles.

Talent Retention and Skills Enhancement

A recurring theme throughout the event was the critical importance of talent retention and skills enhancement in the AWM sector. As the industry evolves, there is a growing demand for professionals with expertise in digital technologies, data analytics, and regulatory compliance.

The discussions highlighted the need for continuous professional development and upskilling to meet the industry's changing demands. Firms must invest in training programs, mentorship, and career development initiatives to attract and retain top talent. Moreover, fostering a diverse and inclusive workplace can drive innovation and improve organisational performance.

Conclusion

As the industry navigates a complex and dynamic landscape, embracing technological innovation, proactive regulatory compliance, and strategic foresight will be crucial for success.

Mauritius, with its unique advantages and strategic vision, has the potential to play a significant role in the global AWM sector. By leveraging its strengths and addressing the challenges ahead, the island can position itself as a leading financial hub, attracting investments and fostering sustainable growth.

For broader industry insights, refer to PwC's Next in asset and wealth management 2024 report.

Access exclusive content from the event hosted by Sharvin Ballah, PwC Mauritius Partner.

Highlight video

00:01:48

Full-event video

03:10:08

ADMASSU TADESSE

GROUP PRESIDENT AND MANAGING DIRECTOR OF THE TDB GROUP

"Mauritius is often seen as a gateway to investment and financing into Africa"

Admassu Tadesse, Group President and Managing Director of the TDB Group, shares his insights on the prospects for increased collaboration between Africa and India, highlighting the role of Mauritius as a facilitator, and underlines the Group's broad approach to sustainability, embedding ESG principles and processes.

Established in 1985, the Eastern and Southern African Trade and Development Bank (TDB), which has a presence in Mauritius, is an investment-grade African regional development finance group, with a mandate to finance and foster trade, regional economic integration and sustainable development, with an asset base of USD 10 billion.

The Group's President and Managing Director, Admassu Tadesse, who was recently crowned as African Banker of the Year for the second time, participated in the 4th India-Africa Entrepreneurship and Investment Summit held in Mauritius in July 2024, where he was a keynote speaker.

In an interview held on this occasion, Mr Tadesse shared his insights on opportunities for greater collaboration between Africa and India, including the role of Mauritius in this equation. He also highlighted how Africa can benefit from the 'leapfrog' effect in the technological era and explained how ESG principles and processes are deeply embedded in the TDB Group's operations.

The Eastern and Southern African Trade and Development Bank Group (TDB Group) is a specialized financial institution that supports both public and private sector actors in their investment journeys. What are the TDB's strategic goals for the African continent, and how does it contribute to economic growth?

We are a specialized financial institution which means we finance various sectors, including trade, and we provide short, medium and long-term financing depending on the specific solution that is being sought. We are active in 25 countries, and our strategy is built around the SDGs (Sustainable Development Goals) and the African Union's Agenda 2063.

We aim to promote access to essential infrastructure services, energy, transport connectivity, healthcare and access to strategic commodities, including pharmaceuticals. We are active across a wide range of sectors. We know that finance is the lifeblood of any kind of economic activity, including trade. Our role is to facilitate and enable these activities through financing. We have a balance sheet of about USD10 billion, with shareholders not only from Africa but also from Asia and Europe, and we have strategic funding partners from across the world.

You delivered a keynote address at this year's India-Africa Entrepreneurship and Investment Summit held in Mauritius. What are the prospects for increased collaboration between India and Africa, and how do you see the role of Mauritius in this equation?

It's been a tremendous journey of increased economic integration between India and Africa. We've seen it in the trade flows, which have been growing at a staggering 18% per annum for well over a decade. This growth dates back to just after the start of this new millennium. It has been a very robust and brisk pace of growth, including investment levels which have also increased over these years.

We are a financier of trade and we co-finance projects alongside investors. We have one of our principal offices here in Mauritius, where we have a strong presence. Mauritius is often seen as a gateway to investment and financing into Africa. Being based here, we work closely with Mauritian banks and also with other partners from India, like India Exim Bank and other commercial banks in India, to facilitate the financing of trade and supporting Indian firms investing here in Africa. Our role is to facilitate these activities. Being based in Mauritius, working very strongly with Mauritian banks, and being accessible here in the backdrop of the nexus between Mauritius and India, makes it all a lot more dynamic. These are the types of facilities that we tend to target for investors from India.

Is the TDB currently involved in any activities in India? If so, in which sectors? Does the TDB have any plans to step up its engagement with India in the future?

TDB has been actively engaged with Indian institutions for almost two decades now, so we have a long-standing relationship. The anchor partner in India is India Exim Bank, and our relationship goes back two decades. We've been exploring how we can do more together during these years. We've organized roadshows to India and met other financial institutions alongside India Exim.

> Finance is the lifeblood of any kind of economic activity, including trade

India Exim has participated in some of our syndicated loans that we've done on a global basis, and other Indian banks have also participated in some of these syndications that we have done outside of Africa. India has been present in some of our financing activities, inward financing into TDB. It's been a good relationship, a very good story. It is just that now, with the continued ascendancy of the Indian economic phenomena, we expect the trade and investment flows to increase even further. As India continues its transformation and resurgence, we expect there to be more opportunities for co-financing.

Noting that the TDB has a multi-sectoral strategy ranging from agriculture and agri-tech to renewables and tourism, among others, are there particular sectors in Africa which are significantly lacking investment that present opportunities for international investors? If so, why is this the case?

A lot of my answer relates to the fact that Africa is still developing from a very low base, so there are very wide gaps across almost every sector you can think of. It is very pronounced in some sectors because those sectors are very capital-intensive, such as infrastructure and energy. Then there is the real economy itself, in the areas of agriculture and industry, where India has very specific capabilities that have been demonstrated over its own development experience and decades of improvement of its own companies and capabilities.

Clearly, India has been very strong in agriculture, healthcare (including pharmaceuticals), and ICT — these are the three sectors that have always made India stand out globally, and they are also sectors where India has been very actively involved in the African economic landscape. ICT, agriculture and pharmaceuticals are areas which have always been very pronounced in terms of India's own excellence and at an affordable level with very good technology.

Nowadays we are seeing India's industrial development reach new heights, in terms of the automobile industry, with various types of capital goods coming in, in the electrical sector and in various agricultural sectors as well, from tractors to public transport. It is very wide open and hard to pinpoint just one sector, but we do know that India has particular strengths in a few areas that I have mentioned.

To what extent can investment in Africa contribute to the leapfrog effect in terms of fostering technological progress and innovation in areas such as AI?
I think that part of the answer is embedded in the question. I think it's digitization and all manners of information technology, including software development and taking advantage of these breathtaking developments in AI. Agriculture can be much smarter than it has been in the past. One can take advantage of weather patterns, find a way to have precision agriculture structured around new technology, and efficient water management systems. There are various other areas of technological applications that can be applied to industry. We are seeing development of smaller-scale manufacturing built on the back of new technologies. You don't need massive economies of scale as in the past; shorter runs and 3D printing are all linked to digitization and information technology, as well as data centres. These are just some of the examples where this leapfrogging can be enabled.

We've had a lot of success in building out connectivity to enable that digitization to happen. Fibre optic cables and important investments have been made in the information technology space. That is going to help Africans to become better connected and able to use digital systems and take advantage of electronic healthcare, telemedicine, e-learning, and others. It is both economic and social development. There are a lot of opportunities.

Mauritius has received a grant from the African Development Bank for the development of an ESG framework for impactful investment. To what extent is the TDB's approach to financing guided by ESG principles? What do you consider to be the essential ingredients for an effective ESG framework based on the TDB's experience of dealing with different African economies and projects?
As a lender and financier, one of the core operational procedures is how you conduct your appraisal of loan applications or financing requests. As you do the appraisal, you will typically look at whether it is a feasible and bankable application on the one hand, but also if you are ESG-minded – which we have very much been for very many years – we will do environmental appraisals and social appraisals. We look at sustainability in a more expanded way, financially, environmentally and socially. We have well developed procedures, methodologies and practices that we follow in terms of what we are financing to ensure that we mitigate any particular risks, but we promote that as well.

The majority of our portfolio is supporting the Sustainable Development Goals (SDGs), and we support a lot of renewable energy, so we are very actively involved in climate financing in a way which is aligned with the Paris principles and the UN SDG framework. We have an Environmental and Social Management System (ESMS), which includes the appraisal methodologies that I mentioned, and we've integrated the ESG philosophy and process into our credit cycle. All the credit extension activities that we do are informed by ESG considerations. We always try to be a triple bottom line player, trying to make sure that we are not harming the environment and being as supportive as possible to social development in the process.

We've integrated the ESG philosophy and process into our credit cycle

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SHAILENDRA KUMAR

CO-FOUNDER AND CHIEF INVESTMENT OFFICER, NARNOLIA GROUP

"Indian companies can leverage Mauritius as a strategic gateway to access and explore opportunities across Africa"

The Narnolia Group was founded in 1997 by Krishna Narnolia and Shailendra Kumar. The recent India Africa Entrepreneurship and Investment Summit 2024 in Mauritius underscored Narnolia's commitment to exploring opportunities in Africa, a region poised for significant growth.

Mr. Shailendra Kumar, Co-Founder and Chief Investment Officer, shares his insights on how Narnolia is leveraging Mauritius' robust financial services sector to navigate the diverse investment landscape across African markets, and integrating sustainable investing practices to foster mutual growth. Excerpts:

Your recent participation in the India Africa Entrepreneurship and Investment Summit in Mauritius suggests a strategic focus on Africa. Can you elaborate on why Mauritius is a particularly attractive hub for Narnolia's African expansion, and how you can leverage its position to serve the broader African market?

India and Mauritius share a deep-rooted relationship that spans centuries, significantly strengthened in recent decades through substantial foreign investments flowing from Mauritius to India. From April 2000 to March 2024, Mauritius has contributed to 25% of India's total Foreign Direct Investment (FDI), amounting to approximately US$171.84 billion. As developed economies face demographic challenges, Africa is poised to become a focal point for global growth. India, currently undergoing a similar transformation, holds considerable potential to collaborate with Africa for mutual advancement. Indian companies are encouraged to leverage Mauritius as a strategic gateway to access and explore opportunities across the African continent.

Mauritius has a well-established financial services sector. How does Narnolia view the competitive landscape there?

Mauritius has developed a robust regulatory environment, overseen by the Bank of Mauritius for banking activities and the Financial Services Commission (FSC) for non-banking financial services. It provides sophisticated services such as investment structuring and collective investment schemes, making Mauritius an attractive hub for cross-border investments. This well-established financial services sector is characterised by a competitive landscape. But we believe there is enough room for an Indian research-focused firm like ours to create space for itself.

> Mauritius has contributed to 25% of India's total FDI, amounting to approx. US$171.84 bn

What are some key factors Indian investors are typically considering when choosing a jurisdiction for expansion? What specific advantages does Mauritius offer?
In the past, there had been phases where the Indian regulatory outlook was a bit negative on Mauritius but now, post recent amendments in the regulatory space, there is a sea change. Indian investors focus on the regulatory environment in terms of ease of doing business and the tax regime. Infrastructure, connectivity, language, culture, and access to talent are also important considerations.

Focus on clear legal frameworks that support exit strategies vital for protecting investor interests is also weighed. Mauritius presents a compelling case for Indian investors due to its favourable tax environment, political stability, ease of doing business, and strategic access to African markets.

Collaboration is key to success. Does Narnolia plan to establish partnerships with local investment firms or financial institutions to expand its reach and impact across the continent?

Narnolia's financial services sector journey started 27 years ago. Today, we are an established name in India in the space of Asset Management and Investment Banking, being the manager of choice for various Indian pension funds, large family offices, corporations, and high-net-worth individuals.

We are definitely exploring collaboration opportunities with local investment firms both to attract global funds and also to cater to larger African opportunities. Our recent participation in the India Africa Entrepreneurship and Investment Summit in Mauritius has been very encouraging and we are already actively pursuing a couple of opportunities.

With the growing emphasis on sustainable investing, how does Narnolia integrate ESG (environmental, social, and governance) factors into its investment strategies, particularly for clients seeking sustainable growth opportunities?
The Indian capital market and regulatory practices around ESG have rapidly evolved during the last couple of years. Indian listed companies as part of their annual report have started publishing a Corporate Social Responsibility Report (CSR) and a Business Responsibility & Sustainability Report (BRSR). Businesses clearly write about principle-wise performance disclosure for their ESG initiatives and also provide independent assurance statements.

This helps understand whether companies are providing goods and services in a manner that is sustainable and safe. It also helps understand whether they are conducting and governing themselves with integrity and in a manner that is ethical, transparent, and accountable or not. This is helping us at Narnolia to make better informed decisions.

Following your recent appointment to manage Milltrust International's India strategy, how does Narnolia's experience in fund management and its "Growth in Value" philosophy position you to contribute to the development of emerging markets in Africa?
Unlike many global funds that use a top-down approach, Milltrust Narnolia India Fund is pure bottom-up investing where the quality of the business and the businessman behind the company is of paramount importance when deciding to invest. Here the word 'Value' is more about whether a company is 'valuable' or not in a long-term quality sense and less about the valuation of the company.

The success of this 'growth in value' philosophy has helped in better price discovery of good quality companies run by competent and ethically good management in India. Using a similar template will help many other emerging markets in terms of the right price discovery.

Successfully navigating African markets requires deep local knowledge. How will Narnolia develop a nuanced understanding of the specific business environment and investment landscape in Mauritius, while also preparing to adapt its approach for other African markets, building on your expertise in India?

A successful navigation of the African market will surely require a local partner with deep business level understanding. Sharing the knowledge base of observing Indian businesses, capital allocation, business processes and their execution strategy will surely find good application for African markets. There is an established Western template for economic development. But the same has not worked in the countries of the global south.

> Africa is increasingly recognised as the next frontier for global growth

India, in recent decades, has successfully evolved its holistic template for economic prosperity and this template could be more useful for the global south including African countries.

Narnolia offers a wider range of financial services beyond portfolio management. As you expand into Africa, how do you see these services addressing the diverse investment needs and risk profiles of clients across the continent? Are there specific services you anticipate being in high demand?

Cross-border engagements in asset management and investment banking are a large opportunity. These cater to the investment requirements of institutions, corporate and large family offices. These requirements could be for investments into equities, credit or even real estate.

For African investors investing in India is not just about high gains or geographical diversification but it will also help them to keenly observe business evolution happening in India, which would be highly useful when they apply the same to spot the right African opportunities. Our investment banking also caters to the entire arrangement for business tie-up opportunities, business funding requirements, technology transfer, and market access.

Looking ahead, what is Narnolia's long-term vision for its role in developing India and Africa's financial markets and fostering investment opportunities across the continent?

Africa is increasingly recognised as the next frontier for global growth. While the world is grappling with demography issues, Africa has the most favourable demography profile. Africa has the youngest population in the world, with a median age of approximately 19 years. This youthful demographic profile presents significant potential for economic growth.

India's "Vishwa Bandhu" policy, which translates to "World's Friend," emphasises on India's role as a global partner and its commitment to international cooperation. India's long-standing approach of making a 'win-win' relationship with all its partners makes it suitable to be the partner of choice for African countries and businesses. We believe in this positive outlook and are committed to cultivating the same enthusiasm in the asset management space.

Mauritius – the strategic gateway and finance centre for Africa

With Africa's growth presenting huge investment opportunities for foreign investors, Nico van Zyl of TrustQore Group dives deep into the pivotal role that Mauritius can play by acting as a stable platform that mitigates the risks inherent in forays into the emerging continent.

**By Nico van Zyl,
Director of Client Solutions,
TrustQore Group**

In recent decades, a significant portion of Africa's business has been driven by foreign investment. Mauritius is well placed to play a crucial role in the continent's future development.

Africa is home to some of the world's fastest growing economies. According to a recent analysis by Statista, every country on the continent, except Sudan, should experience positive GDP growth this year. Furthermore, more than half of these economies are projected to see growth rates exceeding 5%.

Foreign investment in Africa

To elaborate, the continent's expanding middle class, rapid urban development and abundant natural resources are key drivers of this growth. Taken together, they present huge investment opportunities for foreign investors.

Beyond exploiting the continent's vast natural resources, investment opportunities in Africa include the development of crucial sectors such as infrastructure, manufacturing, agriculture and technology.

A key element of sustainable business success is the assurance of a stable platform for inward investment and the ability to realise profits when the time comes to exit. This is where Mauritius plays a pivotal role.

Inward investment into Africa – opportunity and risks

International investors and advisers should consider several factors when considering entry into the African market. This process should be coupled with an honest assessment of the challenges and business risks that may arise. Establishing a structure in Mauritius can aid in managing, and, where possible, mitigating these risks.

Positive factors include the increasing number of economic reforms seen in many African states in recent years leading to greater political stability. Improving regulatory frameworks and investment incentives – including special economic zones – are increasingly attractive.

Mauritius is also an early adopter of African trade agreements, including the Africa Free Trade Zone and, more recently, the African Continental Free Trade Area (AfCFTA) which, with over fifty states, forms the world's largest free trade area (by number of countries) after the World Trade Organization.

Perhaps more than any other continent, Africa presents tangible risks to investors. Despite significant political advances and enhanced infrastructure in many regions, these improvements are not universal. Additionally, corruption and legal hurdles can still pose significant deterrents for international investors.

> Mauritius-based investment funds and holding companies benefit from its stable economic environment

Despite these risks, the prospects for international investment in Africa are promising and expected to grow across large parts of the continent. In countries such as South Africa and Kenya, sustainable growth has been observed in sectors such as banking and mobile technology which are increasingly being integrated. Digital payments have become far easier thanks to the burgeoning FinTech sector in several key African states. Similarly, renewable energy projects are coming online, leading to better outcomes for all involved.

Mauritius – Gateway to Africa

Mauritius offers unparalleled connectivity to the continent, making it an ideal gateway for foreign investment into Africa. The island's strategic location and robust financial sector serve as an excellent conduit for investments into the diverse economies across the continent. Mauritius-based investment funds and holding companies benefit from its stable economic environment and preferential access to African markets.

Over the years, Mauritius has earned a well-deserved reputation as a world-class financial centre, which is particularly significant when structuring corporate investments into Africa. By leveraging its robust financial infrastructure, political stability, and well-developed regulatory environment, Mauritius attracts global investors seeking to tap into Africa's burgeoning markets.

The provision of first-class banking services is crucial for international investors. The Mauritian banking sector comprises numerous local banks and no less than a dozen foreign institutions, most of which are subsidiaries of overseas parents. All banks in the country are licenced by the Bank of Mauritius, offering international investors a comprehensive range of services that are second to none. Local banks and credit finance institutions offer numerous financing options for African corporate projects, further bolstering Mauritius' reputation as the preferred jurisdiction for business opportunities in Africa.

Mauritius has entered into an extensive network of double taxation avoidance agreements (DTAAs) and investment agreements. According to the Mauritius Revenue Authority, 46 DTAAs have been concluded and several more treaties are under negotiation of which a large proportion are with African countries. The treaties and agreements significantly reduce the risks associated with cross-border investments, particularly by mitigating potential double taxation.

Mauritius adheres to international standards and best practices wherever possible. The Financial Services Commission (FSC) of Mauritius ensures that the business services sector is well-regulated and transparent, instilling greater confidence among international investors and their advisers. Further enhancing its credibility, the jurisdiction fully

complies with the Organisation for Economic Co-operation and Development (OECD) guidelines on tax transparency and information exchange.

Mauritius places significant importance on the adoption of innovation within its financial services sector. The emergence of FinTech companies and the rapid development of blockchain technology have positioned it as a regional leader. Moreover, Mauritius strives to maintain a business-friendly environment by avoiding unnecessary bureaucratic hurdles. For example, the process of establishing a company is both streamlined and efficient. This extends to the financial services sector, where a pool of multi-skilled, hugely experienced professionals and advanced infrastructure effectively supports the needs of international businesses.

Mauritius: Standing tall as an investment gateway to Africa

Mauritius stands out as a premier strategic financial centre, designed to ensure sustainable inward corporate investment across Africa. Its favourable regulatory environment, extensive network of treaties, ease of doing business, and innovative financial services sector ensure that Mauritius remains a highly attractive destination for global investors and advisers.

By establishing an international business structure in Mauritius, companies benefit from robust legislation, reliable infrastructure and experienced staff skilled at navigating the challenges of entering African markets. Together, these factors enable investors to capitalise on the continent's immense growth potential, in a safe, sustainable and profitable manner.

Mauritius: A prime destination for African wealth management

With Mauritius offering various benefits in the private wealth management space to clients based in Africa, John Félicité of Ocorian Corporate Services elaborates on the island economy's value proposition and explains why African clients should turn to this regional hub to secure and grow their foothold in the emerging continent.

By John Félicité, Commercial Director, Head of Africa, Ocorian Corporate Services

Mauritius, a picturesque island nation nestled in the Indian Ocean, has rapidly evolved into a premier hub for wealth management, catering specifically to clients throughout Africa. This transformation is the result of strategic policy decisions, economic positioning, and a welcoming business environment, positioning Mauritius as a preferred jurisdiction for wealth management.

The island offers numerous advantages that make it particularly attractive to African-based clients seeking efficient and effective wealth management solutions.

A strategic African gateway

Mauritius' prime geographical position is a significant asset. Located at the intersection of Asia, Africa, and Europe, the island serves as a strategic gateway to key markets. It provides African clients with a convenient base for managing wealth across various jurisdictions. The alignment of Mauritius' time zone with both African and Asian markets facilitates seamless business operations across continents within a single working day.

The island boasts excellent connectivity, with regular flights to major African cities such as Johannesburg, Nairobi, and connecting flights to Lagos and other West African cities. This network is crucial for wealth managers and clients who frequently travel for business or investment purposes.

Robust legal & regulatory framework

Mauritius has established a strong legal and regulatory framework that is both transparent and business-friendly, enhancing its appeal for wealth management. The legal system, a blend of French civil law and British common law, provides a reliable foundation for property rights protection and contract enforcement. This dual legal heritage reassures investors of the legal environment's predictability and stability.

Recognised by the World Bank's Doing Business report as one of the easiest places to conduct business in Africa, Mauritius is also a leader in governance and rule of law—essential elements for wealth management. The regulatory framework aligns with international standards set by bodies like the Financial Action Task Force (FATF) and the Organisation for Economic Co-operation and Development (OECD), safeguarding against financial crimes and maintaining Mauritius' global reputation as a wealth management hub.

Tax efficiency & investment incentives

Mauritius is favoured for its tax efficiency, offering significant advantages such as no capital gains tax, no withholding tax on dividends, interest, or royalties, and a competitive corporate tax rate. These benefits position Mauritius as an attractive locale for high-net-worth individuals and corporations seeking tax optimisation.

Additionally, Mauritius has established a comprehensive network of Double Taxation Avoidance Agreements with over 40 countries, including many in Africa. These agreements mitigate double taxation risks and enhance the appeal of cross-border investments for African-based clients, significantly boosting the efficiency of their wealth management strategies.

Political stability & economic prosperity

Mauritius is characterised by political stability and economic resilience, distinguishing it from many

African nations. Since gaining independence in 1968, Mauritius has maintained a stable and democratic political system, fostering an environment conducive to economic growth and foreign investment—key components of wealth management.

The economy has diversified from its traditional sugar base to include substantial contributions from tourism, financial services, and information technology. The financial services sector, in particular, has expanded rapidly, supported by robust regulatory frameworks and a commitment to maintaining Mauritius' status as a reputable international financial centre.

World-class expertise & services

Mauritius is home to a pool of highly skilled professionals in law, finance, and accounting, crucial for delivering top-tier wealth management services. The education system emphasises high quality and bilingualism (English and French), enabling professionals to cater to a diverse clientele.

The presence of international banks, law firms, and consultancy firms further enriches the quality and variety of wealth management services available, including estate planning, tax planning, asset management and fiduciary services.

Tailored wealth solutions

Mauritius offers a sophisticated legal framework for establishing trusts and foundations, vital tools in wealth management. The Mauritius Trusts Act and Foundations Act provides the flexibility and privacy needed for clients to structure their wealth according to their specific needs, supporting purposes such as estate planning, asset protection, and philanthropy.

For African-based clients, these structures offer an effective means to manage and protect wealth across generations, ensuring that assets are managed according to their wishes.

Access to investment opportunities

Mauritius serves as a strategic base for accessing investment opportunities in Africa and beyond. Membership in regional organisations like the Southern African Development Community (SADC) and the Common Market for Eastern and Southern Africa (COMESA) grants preferential access to a vast market.

Historically a gateway for investments into India, Mauritius now facilitates investments into Africa, leveraging favourable tax treaties and robust business connections.

Photo: Tobias Reich on Unsplash

An exceptional lifestyle

Mauritius also offers an appealing outdoor lifestyle all year round, an important consideration for high-net-worth individuals considering residency or extended stays.

Known for its political stability, low crime rates, and high living standards, Mauritius provides a secure environment for families, complete with excellent healthcare and education systems and a pleasant tropical climate.

Mauritius: Your partner in African wealth management

Mauritius offers a secure and promising foundation for growth within Africa's diverse market. Its strategic positioning, coupled with a robust legal and economic framework, creates an unparalleled environment for wealth management. This Indian Ocean island offers a harmonious blend of certainty, efficiency, and growth, making it the ideal launchpad for African ventures.

Mauritius is home to many professional service providers who are committed to helping you navigate the complexities of the African market. Their deep-rooted expertise and global reach can enable you to leverage tailored solutions that protect and grow your wealth. Let Mauritius be your partner in unlocking the full potential of Africa!

> Mauritius has established Double Taxation Avoidance Agreements with over 40 countries

Mauritius as a strategic nexus for African High-Net-Worth Individuals

As an established hub for investments into the emerging continent, Mauritius has been structuring investment flows for Africa through its global business sector. Vashish Muniah of DTOS Capital Markets Ltd looks at how the jurisdiction can cater best to the needs of Africa's affluent who are eying a global portfolio.

By Vashish Muniah, CFA,
Portfolio Manager,
DTOS Capital Markets Ltd

Over the past decades, Mauritius has established itself as a regional hub for facilitating investments into the African continent primarily through its global business sector. The Mauritius International Financial Centre already serves as a crucial conduit for investment into various African markets.

As investors worldwide increasingly recognise the potential in Africa's growing economies, Mauritius has become an essential facilitator, structuring a rising volume of investment flows. This strategic positioning has been years in the making, with the country consistently refining its regulatory framework and financial services offerings to meet the evolving needs of international investors.

Positioning Mauritius for High-Net-Worth Africans

The next frontier for Mauritius lies in positioning itself as a nexus for High-Net-Worth (HNWs) Africans seeking sophisticated financial services and global investment opportunities.

The jurisdiction already offers a wide range of sophisticated financial services tailored to HNW individuals, including private banking, wealth management, estate planning, tax advisory, and investment advisory services.

Various firms in the Mauritian financial services sector provide bespoke investment solutions that cater to the unique needs of African HNWIs. These services often combine local African market knowledge with global investment expertise, offering a comprehensive wealth management approach attractive to HNW Africans looking to diversify their portfolios internationally.

Differentiating factors and market potential

Mauritius differentiates itself through its strategic location, serving as a bridge between Africa and Asia, allowing for efficient management of investments across these high-growth regions. The country's robust regulatory framework, overseen by the Financial Services Commission (FSC), adheres to international standards while remaining business-friendly, providing the necessary oversight to instill confidence and the flexibility required by HNW clients.

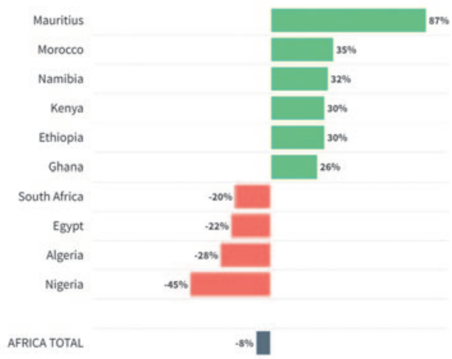
The island nation's stable political environment and qualified workforce further enhance its appeal, making sure it consistently ranks high in ease of doing business indices for Africa. Mauritius has indeed invested heavily in developing finance professionals with expertise in both international markets and African business environments.

The Africa Wealth Report 2024 by Henley & Partners provides valuable insights into the continent's HNW population and consequently on the market potential to tap into. As of 2023, Africa was home to approximately 135,000 HNWIs with a combined wealth of $2.5 trillion. Key markets for HNWIs in Africa include South Africa, Egypt, Nigeria, Kenya, and Morocco. These statistics highlight the significant opportunity for Mauritius in serving this growing wealthy population. As African economies continue to develop and create new wealth, the demand for sophisticated financial services is expected to rise correspondingly.

Innovations and sustainable investing

Recent developments have showcased Mauritius as an innovator in the financial services landscape. The

Millionaire growth (%)
2013 to 2023



Top Wealthiest Countries in Africa

Country	Millionaires (USD 1m+)	Centi-millionaires (USD 100m+)	Billionaires (USD 1bn+)
South Africa	37,400	102	5
Egypt	15,600	52	7
Nigeria	8,200	23	3
Kenya	7,200	16	-
Morocco	6,800	32	4
Mauritius	5,100	15	-
Algeria	2,800	8	1
Ghana	2,700	6	-
Ethiopia	2,700	4	-
Namibia	2,300	3	-
AFRICA TOTAL	**135,200**	**342**	**21**

Source: The Africa Wealth Report 2024, Henley & Partners, New World Wealth

establishment of the Mauritius Africa Fintech Hub has positioned the country at the forefront of financial technology in the region, potentially offering HNW clients access to cutting-edge digital financial services. The introduction of the Regulatory Sandbox License by the Economic Development Board for innovative projects has also created a conducive environment for developing new financial products and services tailored to the needs of African HNWs.

Mauritius has made significant strides in sustainable investing, recognising the growing interest in responsible investing among HNW individuals. The country has introduced frameworks for green and sustainable bonds, aligning with global trends in ESG (Environmental, Social, and Governance) investing. In 2024, the Stock Exchange of Mauritius partnered with Risk Insights, a data analytics firm recognised for its ESG rating tools, to enhance the quality of ESG reporting in Mauritius. These moves position Mauritius-based wealth managers to offer African HNWs access to a growing range of sustainable investment options.

Moreover, Mauritius has implemented the Virtual Asset and Initial Token Offering Services Act of 2021, a comprehensive legislative framework regulating virtual assets and initial token offerings. This innovative move makes Mauritius one of the few countries with a dedicated legal framework for the rapidly growing virtual assets sector.

Challenges and outlook

Despite its many advantages, Mauritius faces several challenges in its role as a wealth management hub for African HNWs. Competition from other international financial centres – such as Dubai, Abu Dhabi, the Gujarat International Finance Tec-City (GIFT) in India, and Singapore – is intense. These centres have their own unique value propositions and are also vying for African wealth, necessitating continuous innovation and improvement from Mauritius to maintain its competitive edge.

The evolving landscape of international regulations and the global push for greater tax transparency pose ongoing challenges. Mauritius must continually adapt its regulatory framework to meet international standards while maintaining its attractiveness to HNW clients. This balancing act requires constant vigilance and adaptation to ensure compliance with global best practices without stifling the flexibility and efficiency that make Mauritius attractive to investors.

Another significant challenge is the potential brain drain of Mauritian talents in the financial services field as global demand for finance professionals rises, especially given the Mauritian bilingual advantage. To address this, Mauritius must invest in education and training programs to cultivate a new generation of financial experts while creating incentives for experienced professionals to remain in, or return to, the country. Simultaneously, efforts should be made to create an appealing environment for foreign talents. Indeed, in its latest National Budget announcement, the government introduced a 10-year Expert Occupation Permit to attract foreign talents in wealth management, family offices, virtual assets, and virtual tokens. This initiative aims to enhance the Mauritius International Financial Centre's competitiveness and diversity.

Despite these challenges, Mauritius' commitment to maintaining a competitive, well-regulated, and innovative financial sector positions it well to serve the evolving needs of Africa's growing HNW population. By leveraging its strengths, building up capacity and continuing to innovate in areas like FinTech, sustainable finance, and digital assets, Mauritius is poised to strengthen its role as a premier wealth management hub for African HNWs.

Pioneering Asset & Wealth Management Strategies: Mauritius in the Global arena

PwC hosted a landmark event focused on avant-garde strategies to strengthen Mauritius' position in the global Asset & Wealth Management (AWM) sector.

Against a backdrop of volatility and transition, over 100 leaders from the financial services sector gathered to discuss the pressing need for diversification, the rise of digital assets and the critical challenges of talent retention.

Expert insights underscored the strategic importance of innovation and resilience to maintain Mauritius' competitive edge in a rapidly evolving global market.

Event Highlights

Opening speech by Anthony Leung Shing, Country Senior Partner, PwC Mauritius

Special address by Hon. Mahen Kumar Seeruttun, Minister of Financial Services and Good Governance

Keynote speech by Olwyn Alexander, Global Asset and Wealth Management Leader, PwC

Strategic insights from John Li, Partner and Financial Services Leader, PwC Mauritius

Panel Discussion 1: Exploring Regulatory, Legal & Tax Framework and Investment Promotion

Panelists:
Ashveen Gopee
Ben Lim
Dhanesswurnath Thakoor
Daniel Essoo
Jaya Doomun-Dookun
Dheerend Puholoo

Panel Discussion 2: Unpacking Strategic Opportunities in AWM in Mauritius

Panelists:
Olwyn Alexander
Dr Rama Sithanen
Marc-Alexandre Masnin
Sridhar Nagarajan
John Felicite
Vikas Sharma

Access exclusive content from the event hosted by Sharvin Ballah, PwC Mauritius Partner.

Highlight video
00:01:48

Full-event video
03:10:08

pwc

Embracing Sustainability: Making smart choices for a healthy, happy and enduring Planet Earth

As sustainability becomes key to our planet's future, Meenakshi Saxena of AMG Group explains how the traditional mindset of practising sustainability instinctively must be carried into the modern era, supported by global pacts such as the Paris Agreement and local initiatives such as the Climate Change Levy in Mauritius.

Reduce, reuse and recycle is more than just a mantra. Going beyond mere repetition, it serves as a blueprint for our planet's future. In a world struggling with environmental challenges like never before, sustainability isn't just a passing trend but a fundamental necessity for our survival.

Sustainability is the act of maintaining or supporting a process continuously over a period of time. It is about making smart choices that help keep Earth healthy and happy for a long time.

What sustainability really means

At its heart, sustainability is about maintaining and enhancing human life without depleting the planet's resources or causing ecological harm. It operates on three fundamental pillars:

1. Environmental Sustainability: involves protecting and conserving our natural world, reducing carbon footprints, saving water, minimising waste, and safeguarding biodiversity.
2. Economic Sustainability: promotes growth that is not only inclusive and equitable but also mindful of environmental constraints. It ensures long-term economic health without compromising ecological and social integrity.
3. Social Sustainability: focuses on improving quality of life and ensuring social equity. This dimension is about fostering communities where everyone has access to essential needs and opportunities for advancement.

A historical perspective

Historically, sustainability was practised instinctively. Our ancestors did not have disposable plastics; instead, they possessed reusable items like clay water containers.

This traditional wisdom highlights that sustainability is not a new trend but an age-old principle, now more crucial than ever as modern practices stretch our planet's limits.

Global initiatives and the Mauritius example

Globally, we witness a unified push towards sustainability. The Paris Agreement, adopted by 196 parties in 2015, represents a significant step in addressing climate change, though the progress of this landmark initiative varies among nations.

For small island developing states (SIDS) like Mauritius, the stakes are particularly high. Surrounded by ocean and highly vulnerable to climate impacts, Mauritius faces unique challenges and opportunities. Since 2014, the Partnership for Action on Green Economy (PAGE) has collaborated with the Mauritian government to support a transition towards a green economy.

The launch of the National Programme for 2020-2024 underscores the commitment to a greener Mauritius, focussing on:

- Investing in clean energy
- Shifting to a more sustainable and resilient infrastructure
- Mitigating climate change risks
- Protecting marine resources

Mauritius is also making strides in integrating environmental, social, and governance (ESG) principles into its financial services sector. Investors are increasingly seeking opportunities that combine financial returns with sustainable impact. The Mauritian government had enacted The Public-Private Partnership Act 2004, a legislative framework established to facilitate collaboration between public authorities and private entities. This Act should be used to incentivise private players who are interested in making investments into solar and wind energy, aiming to bridge funding gaps while achieving long-term sustainability goals.

The Stock Exchange of Mauritius now mandates ESG reporting for listed companies, promoting transparency and environmentally conscious practices. The Green Finance Task Force (GFTF) is leading efforts to develop sustainable investment projects, encourage green bonds, and attract green investment. Notably, Mauritius issued its first green bond in 2022, marking a significant milestone.

Most recently, the introduction of a 2% Corporate Climate Responsibility (CCR) Levy under Budget 2024-25 further underscores the government's commitment to sustainability across all sectors.

Evaluating sustainability efforts

Effectiveness is key to sustainability. It's essential to ensure that our strategies are genuinely impactful. Mauritius has set ambitious goals, including reducing greenhouse gas emissions by 40% by 2030 and sourcing 60% of its energy from renewable sources.

The introduction of a green finance framework, with guidelines for sustainable and green bonds, underlines the country's commitment to ESG principles. This framework, overseen by regulatory bodies like the Bank of Mauritius and the Financial Services Commission, promotes ESG investing and guides investors.

A call to action

Sustainability is more than a fleeting trend – it is an essential approach to meeting today's needs while securing a viable future. It is a business strategy that values long-term environmental, social, and economic health. For Mauritius, embracing sustainability not only enhances its global reputation as a leading wealth management hub but also aligns with the broader push for sustainability worldwide.

> Environmental, economic & social sustainability are the three fundamental pillars of this movement

As individuals, our role is to make thoughtful choices and take actions that reflect our commitment to the environment. Whether it's reducing waste, conserving energy, or supporting sustainable practices, every action counts.

Together, let's make smart choices today to ensure a thriving, healthy planet for future generations. Sustainability is not just an option – it is our path to a better and more resilient world.

By Meenakshi Saxena, Director, AMG Group

CALVIN CHIRAIRO

HEAD OF GLOBAL MARKETS CLIENT COVERAGE, MCB

"ESG investing is here to stay!"

MCB recently launched a structured deposit product with ESG (Environmental, Social and Governance) criteria. Could you elaborate further on this offering?

MCB's Financial Markets division has been offering a range of structured deposits aligned with ESG (Environmental, Social, and Governance) theme. Among the investment proposals, we have addressed critical issues such as climate change and water. Additionally, we have also proposed indices that incorporate ESG filters, ensuring that the underlying meet high standards of environmental, social and governance.

ESG investing has surged in popularity, with its expansion becoming particularly notable since the pandemic in 2020. This growth is driven by a heightened awareness of the interconnectedness of social, environmental, and economic issues.

There is a growing consensus in the investment industry that companies meeting ESG criteria are better equipped to manage risks and operate sustainably in the future. As a result, these companies are increasingly viewed as attractive investments in their own right.

Our structured deposits offer investors exposure to an underlying aligned with ESG while providing a 100% capital protection at maturity. The protection is backed by MCB, which is investment grade rated by Moody's Investors Service and is one of the few financial institutions rated at this level in Sub Saharan Africa.

What was the outcome amongst the targeted customers?

We have received an overwhelmingly positive response and significant interest from both institutional and individual clients regarding our ESG-themed investment products.

Our institutional clients are keen to align their portfolios with ethical principles, while our private banking clients are enthusiastic about pursuing opportunities that reflect their personal values. Additionally, these investments offer the potential for high-risk-adjusted returns and enable portfolio diversification.

Our clients often want to invest in impactful causes, for instance water security, but struggle to identify companies actively involved in these efforts. Our products provide a streamlined platform for investing in these meaningful areas, making it easier to support and engage with such initiatives, driving the success of our investment solutions.

Going forward, does MCB intend to offer more such products to potential investors?
An increasing number of investors are expected to integrate ESG factors into their portfolios. This shift is driven by a desire for ethical investing, long-term value creation, and effective risk management. At MCB, we are dedicated to understanding and addressing the evolving needs of our clients by crafting tailored investment solutions with a differentiated approach.

ESG-linked investment products have been available on the international market for over a decade, and their growing popularity highlights a strong demand for responsible investment options. We aim to add value by identifying and focusing on emerging themes that we believe will gain more importance in the future—areas that have not yet been extensively explored.

How does this offering align with the Bank's sustainability agenda?
Since launching our 'Success Beyond Numbers' agenda in 2018, we have been dedicated to promoting our sustainability philosophy. As a responsible bank, we are committed to caring for the environment, positively impacting communities, and upholding strong governance practices.

By offering ESG-linked investment solutions, we are now extending our commitment beyond traditional banking services. ESG investing offers a compelling approach by ensuring that investments reflect a commitment to sustainability, ethical practices, and responsible corporate behavior. This alignment not only supports causes important to us and our clients about but also contributes to broader positive impacts on society and the environment.

We view these ESG-filtered investment solutions as a way to support our clients in investing responsibly and making a meaningful impact, while also staying aligned with the latest market trends. This is our way to contribute to the greater good of society while addressing our clients' needs.

What are your views and perspectives on ESG-linked financial products, and how could MCB leverage those?
ESG investing is here to stay! It is clear that ESG is not just a trend but a fundamental shift.

There is increasing acknowledgment that ESG analysis is a practical tool and adds substantial value to the investment process. With increasing regulation, readily available ratings, and pressure from various stakeholders, ESG is becoming pervasive. Companies with strong ESG practices often excel in risk management, demonstrating that ESG investing combines values with potential returns, solidifying its long-term relevance. Despite last year's intense scrutiny and media focus on issues like greenwashing and greenhushing, ESG continues to be highly valued by investors.

As ESG metrics and reporting become more standardised and greenwashing concerns are addressed, ESG will transition from a superficial tagline to a deeply embedded business strategy, likely driving increased investment in this area. Besides, AI will help to streamline the processing of ESG datasets, ensuring regulatory compliance, detecting breaches, predicting sustainability trends, and shaping ESG strategies. By incorporating ESG criteria into their investments, investors will potentially achieve higher and more consistent returns.

Going forward, we are deeply committed to developing impactful ESG-linked investment products while understanding the broader challenges and opportunities in this space. We firmly believe that integrating ESG factors into our clients' portfolios through diverse financial products is crucial for successful investing. Our goal is to enable responsible investing without compromising risk-adjusted returns.

Recognising that ESG investments are not one-size-fits-all, we provide a plethora of ESG-linked investments tailored to our clients' risk tolerance, personal preferences, and investment horizons. Unlike traditional broad-based ESG approaches, we will focus on specific themes within the ESG landscape that we believe offer the most promising investment opportunities moving forward.

As a responsible bank, we remain dedicated to supporting ESG-related investment solutions, as they align seamlessly with our core principle of "Success Beyond Numbers".

Evolving dynamics of Foreign Direct Investment between India and Mauritius

As India and Mauritius build on their historical relations in the modern era, Nikhil Kumar and Nityesh P. Peetumber of Zinnia Funds explore the factors that have allowed Mauritius to become, and remain key, to India, as an FDI jurisdiction of note.

In its early stages of independence, India's initial initiatives as far as foreign investment were concerned were rather hostile.

The primary international trade policy was a counter to the colonised past, and India focussed on reducing dependency on foreign investment in search for the road to economic independence.

Historical overview of FDI between India and Mauritius

However, India did eventually embrace the "multi-lateral" road to inclusive growth and active participation in international inducements secure policy transfer. This was particularly evident in the extensive process of redistribution of well-developed tax treaties between India and other/minor countries, including treaties with small African countries in the eighties and the nineties, one of which was with Mauritius in 1982. This was further entrenched with the initiation of the "Look east" policy in the nineties, leading to widespread economic liberalisation reforms to make Mauritius the richest and fastest-growing small African economy of the post-independence era.

The foremost economic initiative of the small Indian Ocean Island semi-state of Mauritius derived from the Economic Planning Advisory Council (EPAC, 2001) and the Vision 2020 of the government of Mauritius to make Mauritius the fastest and largest market for India-manufactured and service exports. With time, Mauritius made changes to become more accommodating and establish itself as an important player in the field.

Indeed, the following factors, amongst others, have allowed Mauritius to become, and remain key, to India:

- The Double Tax Avoidance Agreement that pro-

vides tax benefits, hence reducing the tax burden on investors;
- No Capital Gains Tax;
- Strategic location in the Indian Ocean that facilitates trade and investment flow;
- Stable political climate, strong regulatory framework and robust financial system and financial services sector.

Recent trends and developments in Foreign Direct Investment relations

Foreign direct investment relations between India and Mauritius have witnessed many ups and downs so far. However, in order to comprehensively assess the contemporary scenario of FDI between the two protagonists, an in-depth analysis of flow trends during the post-global financial crisis period becomes imperative. Mauritius has always been a popular choice for foreign direct investment (FDI) in India and has enjoyed a solid reputation throughout the journey.

> Indian MNEs typically invest in host countries through a holding company

FDI inflow trends reveal that the share of Mauritius was around 20% of the total investment flows, touching US $1 trillion in 2007-08, while China used to occupy 1% to 3% of the share during the same period. The post-crisis period has witnessed a reduced share of Mauritius, followed by a constantly increasing share of Singapore in FDI flowing to India. Thus, this fact significantly warrants a separate and specific analysis of the post-crisis scenario to unfold the reasons whether the reduced share of Mauritius was FDI-related or had occurred due to a different story.

Policy implications

The dynamic empirical findings would have several implications for policy formulation for India and Mauritius. The current trends in destination of FDI from India are such that the Indian MNEs are investing in host countries through a holding company.

In such a case, a Double Taxation Avoidance Agreement (DTAA) has two roles. One is alleviating the tax burden at source itself and thereby increasing the uneconomic probability of the investment. The second is the elimination of the economic double taxation. Different governments will have different perspectives on capital import neutrality, export neutrality, etc., and based on this, they would select the best partner in an agreement.

Future prospects

India and Mauritius relations are far advanced and can provide a robust base for policy formulations. In many ways, India is now demanding similar leverage on the source country to get the benefits of DTAA by putting in more clearly worded meaningful substance. India has also re-negotiated many existing tax treaties and Singapore's tax treaty is in the offing as well.

India should also target the benefit of capital gains tax from External Commercial Borrowing and bilateral loans but should dilute the interest incomes for portfolio investments as a step toward a wider agreement on taxation bundles while avoiding an imperfect competition situation.

Mauritius, on the other hand, should not compromise on the capital gains tax as it is being targeted by MNEs, but allow repatriation of interest incomes (reduce to zero percent) on long-term loans of more than five years maturity. While India is demanding this repatriation, Mauritius should target a higher royalty or fee tax on technology import rather than exempting it as it is targeted by more Indian companies going into technology ring fencing.

A bright outlook for India-Mauritius relations beckons

On a concluding note, the India-Mauritius relationship holds promising prospects for the future. There is significant potential to further strengthen economic growth and strategic cooperation, between the two countries.

By building upon the solid foundation of the existing rapport between the nations, both India and Mauritius can continue to reap the rewards of a mutually beneficial partnership that contributes to their long-term development and regional influence.

By Nikhil Kumar,
Managing Director,
Zinnia Funds, Mauritius

Nityesh Pradeep Peetumber,
Director & Barrister of Law,
Zinnia Funds, Mauritius

▲ *Shri Suresh Prabhu, former Minister from India, delivering his address at the Summit*

▲ *Ken Poonoosamy, CEO of the Economic Development Board Mauritius, speaking at the Summit*

Driving entrepreneurial synergy and global opportunities

With the recently held India-Africa Entrepreneurship and Investment Summit featuring in-depth discussions on assessing and internationalising the Mauritian startup ecosystem, let us explore the insights shared by international experts as well as the opportunities provided by the forum for expanding entrepreneurial opportunities across India and Africa.

The 4th India-Africa Entrepreneurship and Investment Summit, held on July 18-19, 2024, at the University of Mauritius and the Intercontinental Hotel, Balaclava, provided a crucial platform for enhancing and exploring the entrepreneurial ecosystems of Mauritius and Africa.

A key highlight was the afternoon session on the first day of the Summit where University of Mauritius students pitched their projects to a distinguished jury composed of members from Mauritius, Africa, and India's entrepreneurial ecosystems.

Baljinder Sharma, Convenor of the India-Africa Entrepreneurship Forum, praised the Summit's comprehensive approach: "The discussions and workshops at this Summit are instrumental in bridging gaps between our ecosystems and fostering international collaborations. The exchange of ideas and experiences is vital for nurturing innovation and expanding entrepreneurial opportunities across India and Africa."

The second day of the Summit, hosted at the Intercontinental Hotel, Balaclava, began with a welcome address by Tomi Davies, Managing Director of the African Business Angels Network (ABAN). Davies emphasised, "The Summit plays a crucial role in bridging the gap between India and Africa. Its potential to influence the future of entrepreneurship and investment in both regions cannot be overstated."

Keynote insights: Bridging ecosystems

Anirudh Damani, Managing Partner of Artha Venture Fund, delivered a compelling keynote address.

Unlocking capital and investment strategies

A focal point of the Summit was a workshop dedicated to unlocking early-stage capital.

Michel Cordani, Co-Founder of Mo Angels, emphasised the need for projects to be investor-ready. "An incubator must translate projects into being investor-ready. It's not enough to have a PowerPoint presentation and good intentions," Cordani said. "Investors need to see tangible outcomes and potential exits. Without a clear path to exit, investment opportunities remain limited."

Anna Ekeledo, CEO of AfriLabs, introduced Catalytic Africa, a co-investment initiative aimed at facilitating investments in startups. Ekeledo highlighted the programme's success and impact. "Catalytic Africa connects startup hubs, innovators, and investors. By raising funds from institutional partners and creating a co-investment pool, we provide non-dilutive funding to de-risk investments in viable startups," Ekeledo explained. "We have already raised EUR 1.5 million from a French government agency and secured 20 co-investments across Africa, including two in Mauritius."

▲ *Anna Ekeledo, CEO of AfriLabs*

▲ *Michel Cordani, Co-Founder of Mo Angels*

Vipin Mahabirsingh, Managing Director of the Central Depository & Settlement Co. Ltd of Mauritius, discussed exit mechanisms through the Stock Exchange of Mauritius. He detailed the flexible options available for new companies and venture capitalists. "Mauritius offers various mechanisms for trading and exiting investments. The Development & Enterprise Market (DEM) and the Venture Market provide opportunities even without a solid track record," Mahabirsingh said.

Damani drew a parallel between the entrepreneurial ecosystems of India and Africa, highlighting their shared potential.

"India and Africa together represent around 50% of the world's population. While Africa's startup ecosystem is about 12 years behind India's, the similarities are striking," Damani said, adding "The increasing involvement of top Indian corporates in startups signifies a growing recognition of the potential in both regions. Africa is poised to become a significant player in the global startup ecosystem."

Global trends and technological shifts

The Summit also explored global trends and technological advancements. Sushil Jiwarajka, Chairman of Artheon Group of Companies, provided insights into the profound global shifts of 2024. "We are witnessing unprecedented changes as 70% of the world's population is set to vote this year," Jiwarajka noted. "Younger generations are increasingly demanding change, and AI is emerging as a transformative force. While AI has the potential to address longstanding problems, it must be managed responsibly to avoid significant risks."

Prem Anand Velumani, Associate Director of Zoho, shared insights into Zoho's growth and impact on the software industry. "Zoho's journey from its inception 28 years ago to its current global stature reflects our commitment to decentralization and local talent," Velumani said. "We employ and train talent from tier-two and tier-three towns in India, challenging the notion that innovation is confined to major cities."

Economic resilience and future prospects

Admassu Tadesse, President and Managing Director of the Trade and Development Bank provided an overview of Africa's economic resilience. Tadesse highlighted the continent's adaptability despite challenges such as high interest rates and fiscal

▲ *Prem Anand Velumani, Associate Director of Zoho, presenting at the Summit*

deficits. "Africa has shown remarkable adaptability," Tadesse said. "Advancements like standard gauge railways are improving regional connectivity and trade efficiency. The continent's diverse resource endowments and arable land offer significant investment opportunities."

Ken Poonoosamy, CEO of the Economic Development Board Mauritius, discussed the importance of strengthening economic ties between Mauritius, India, and Africa. "The Comprehensive Economic Cooperation and Partnership Agreement (CECPA) with India has significantly boosted trade relations," Poonoosamy noted. "India now accounts for about 10% of Mauritius' total imports, and recent developments such as the RuPay and Unified Payments Interface Linkage are expected to further enhance bilateral economic ties."

India's Growth Model Shines

Shri Suresh Prabhu, former Minister of Railways, Civil Aviation, and Commerce and Industry stressed upon the importance of India's unique growth model, which is driven by private enterprise rather than state control. He highlighted that this approach fosters a dynamic and innovative business environment, making entrepreneurship and private initiatives crucial to transforming India's future.

> Africa is poised to become a significant player in the global startup ecosystem

He further explained, "Our relationship with Africa goes beyond trade, commerce, and investment. We hold deep respect for the people of Africa and their rich history, which has greatly contributed to human development. Despite its immense potential, Africa remains underserved, and it is India's responsibility to support its growth. We are committed to conducting business, fostering entrepreneurship, and investing in Africa in a manner that prioritises the needs of its people. Our approach is centered on ensuring that our interactions with Africa are mutually beneficial. The Government of India, along with its people, entrepreneurs, businesses, and civil society, is dedicated to building strong, supportive relationships with Africa. We believe that our engagement will make a substantial contribution to Africa's development and enhance the well-being of its people."

Looking Ahead

The 4th India-Africa Entrepreneurship and Investment Summit highlighted the dynamic and evolving relationship between India and Africa. The discussions, ranging from technological innovations to economic strategies, underscored the opportunities and challenges that lie ahead. The Summit served as a critical platform for fostering collaboration, shaping future strategies, and driving mutual prosperity in the India-Africa economic corridor.

In closing, organisers announced the date for the 5th edition of the Summit, scheduled for July 17-18, 2025, promising continued engagement and exploration of new frontiers in entrepreneurship and investment. The Summit's success reaffirms the commitment to enhancing collaboration and unlocking the full potential of the India-Africa economic partnership.

The New HSBC: Leading Financial Growth in Mauritius

Mauritius is at an exciting crossroads in its financial sector evolution. Leveraging its unique geographical position, HSBC is driving forward the pillars of Fund Banking, International Connectivity, ESG (Environmental, Social, and Governance), and People to foster growth and sustainability.

Fund Banking

A strong financial ecosystem relies on efficient fund management. HSBC is a global leader in trade finance, international payments, and foreign exchange. Our fund banking services in Mauritius provide tailored financial solutions to meet clients' unique needs.

With over 150 years of local knowledge and a global network spanning more than 50 markets, we support clients in understanding local regulations, managing supply chains, and handling cross-border cash flows. Whether you're a Fund House or making strategic investment decisions, we're here to support you every step of the way. From Mauritius, we currently assist clients from 43 different markets.

We have a long-standing client in the Textile and Garment sector who has been with us for over 50 years. When they expanded to Bangladesh and India, our team accompanied them in person to set up their business and connected them with our on-the-ground experts, making our network their network.

Further, in 2022, HSBC led a $200 million syndicated loan deal for a major local bank, ensuring seamless transactions and robust financial structuring. Our extensive market insights and global network enable us to deliver unparalleled service in fund banking, fostering innovation and efficiency. A recent Reuters report shows HSBC holds a 15% market share in global trade finance, highlighting our industry leadership.

International Connectivity and Trade Corridors

Mauritius serves as a strategic hub for international trade and investment, bridging East and West, North and South. HSBC capitalizes on this unique position to facilitate international trade corridors. Through our global network, expertise, and extensive resources, we connect clients to worldwide opportunities, enabling them to expand beyond local markets. We service 44 trade corridors, a significant feat considering our market size.

Recently, HSBC facilitated a major cross-border acquisition for a leading multinational corporation. Leveraging our market insights, we navigated regulatory challenges and secured financing, ensuring a seamless transaction aligned with the client's objectives. Data indicates a 20% increase in cross-border transaction success rates, highlighting our role as a financial super connector.

ESG - Environmental, Social, and Governance

Climate has no borders, and its consequences will affect all businesses, societies, and countries. Corporates transitioning to net zero is no longer a trend but a norm. With sustainability in place, your business gains a competitive advantage.

Over the past years, we've helped companies in Mauritius deliver positive environmental impacts by supporting the financing of power and renewables, electric vehicles, textile and garments manufacturing, and social housing. The demand for such initiatives will only grow in the future.

We continue to mobilize finance, investment, and accelerate innovation to support these demands. By working in partnership with our customers and those developing innovative climate solutions, we aim to build a more resilient future. HSBC is committed to advancing the global economy's transition to net zero, identifying significant commercial opportunities in sustainable finance. Our ESG initiatives in Mauritius support companies in key sectors undergoing substantial change, helping them achieve their net-zero ambitions.

It is a significant achievement for us to be recognized as the best bank for ESG in Mauritius by the highly respected Euromoney Awards. We also take great pride in winning the recent Environmental Award by the Ministry of Environment, Climate Change and Waste Management.

In 2021, HSBC Group allocated $750 billion to $1 trillion in sustainable finance and investment by 2030, demonstrating our commitment to this crucial transition. Our approach includes collaborating with governments, agencies, and experts to shape the future of sustainable finance.

By offering tailored financial solutions and leveraging our international expertise, HSBC ensures our ESG efforts align with broader sustainable development goals. In Mauritius, these initiatives are already making a tangible impact, with numerous projects supporting the nation's environmental goals.

Investing in People

People are at the heart of our strategy—both our clients and our team. Investing in local talent is crucial for understanding and meeting client needs. Internal surveys indicate that 85% of clients reported higher satisfaction rates when served by locally trained teams. HSBC's network provides unique insights and opportunities, leading to a 20% increase in client engagement over the past year. Our customer-centric approach ensures tailored solutions for every client.

Our recent involvement in setting up complex escrow deals showcases our ability to meet unique client needs, contributing to increased client retention and underscoring our commitment to exceptional service.

As industries transform digitally, you need a robust online platform that offers full visibility of your accounts across different markets, integrates multiple payment modes, and facilitates seamless international trade. This helps you optimize working capital and manage cash flows effectively.

By partnering with us, you can operate your business easily on a global scale. Our bespoke solutions, crafted with cutting-edge technology and deep market insights, simplify international expansions and operations.

▲ *Hajrah Sakauloo, Country Head of Wholesale Banking*

Partner with HSBC

We're witnessing a surge in businesses eager to expand or trade in emerging economies and sectors such as pharmaceuticals, healthcare, T&G, private equity funds, and renewable energy—all areas poised for significant growth. Whether you're aiming to expand locally, go global, or embrace sustainability and digital transformation, we are here to facilitate your success.

HSBC is committed to guiding you every step of the way. Discover how we can help you achieve your financial goals by visiting our website or contacting one of our experts today. Together, we are shaping the future of finance in Mauritius. Choose HSBC as your trusted partner in navigating the exciting opportunities ahead.

For more information, I invite you to visit HSBC's website or contact our financial experts.

business.hsbc.co.mu

Mauritius at the crossroads: Navigating global dynamics and strategic partnerships

Our experts from the diplomatic sphere explain how Mauritius stands out as a pivotal player in the Indian Ocean region, strategically positioned at the crossroads of Africa, Asia, and the Middle East, and connecting the dots between various countries across regions.

In the dynamic realm of international relations, as a small island nation with a rich cultural tapestry and a growing economy, Mauritius has adeptly navigated complex global dynamics to foster diplomatic and economic ties with a diverse array of countries. Its engagement in international relations is characterised by a blend of strategic partnerships, economic diplomacy, and a commitment to regional stability and development.

Mauritius's foreign policy is driven by a desire to enhance its global standing while securing sustainable growth and regional security. This approach is evident in its proactive involvement in multilateral forums and bilateral agreements. The nation's strategic location makes it a key partner for major global players, offering unique opportunities for collaboration in areas such as trade, security, and climate resilience.

In exploring Mauritius's role on the international stage, it is crucial to understand the perspectives of influential diplomatic figures who shape global discourse. This article delves into the insights shared by the Charge d'Affaires of Indonesia, Ambassador of the United States, and the Ambassador of the Philippines. These diplomats offer valuable perspectives on Mauritius's strategic importance, its role in regional and global affairs, and the potential for future collaborations. By examining their viewpoints, we gain a deeper appreciation of how Mauritius is positioned within the broader framework of international relations and how it leverages its strategic location to foster meaningful partnerships.

Indonesia presents a lucrative investment opportunity

Lanang Seputro, the Charge d'Affaires of the Permanent Representative of Indonesia in Antananarivo, Republic of Madagascar, has highlighted Indonesia's immense potential as an investment destination for Mauritius. With its massive population of 270 million, Indonesia offers a substantial market for Mauritian businesses. The country's steady economic growth, abundant natural resources, and burgeoning agricultural sector present numerous opportunities for foreign investors.

"Indonesia, with its population of 270 million people, offers a significant prospect for Mauritius to invest in," Mr. Seputro stated, emphasising the country's,"steady economic growth, with abundance of mineral or natural resources, and a growing opportunity in the agricultural sector." Indonesia has been actively implementing investment reforms to attract more foreign direct investment (FDI), particularly in the transportation, energy, and infrastructure sectors. These reforms aim to provide a more conducive environment for investors, including better protection for their interests. In recent years, the Indonesian Government has invested significantly in infrastructure development, constructing hundreds of kilometers of new roads and upgrading airports and railways to accommodate the growing number of passengers.

"In recent years," Mr. Seputro noted, "the Indonesian Government is developing the infrastructure to make more places, or areas, easily accessible." He highlighted the government's efforts in building new roads, upgrading airports, and improving the railway system. Beyond its economic potential, Indonesia boasts a wealth of stunning tourist destinations, including beaches, forests, and mountains. This sector still requires significant investment to fully realise its potential, and Mauritian investors are warmly welcomed. Indonesia's large youth population with relatively competitive wages is another attractive factor for potential investors.

"Also, Indonesia has many beautiful tourist destinations across the country, be it beaches, forests, and mountains," Mr. Seputro remarked, emphasising the opportunities for investors in the tourism sector as well. Mauritius, often considered a hub for Africa, presents a unique opportunity for Indonesia to expand its presence on the continent. The two countries are currently negotiating a Preferential Trade Agreement (PTA), which is expected to be signed in 2025. This agreement will undoubtedly strengthen trade relations between the two nations and foster economic growth.

"As I understand, Mauritius considers itself the hub to Africa," Mr. Seputro observed. He viewed this as a "big opportunity for Indonesia to get more deeply into Africa via Mauritius."

Even before the finalisation of the PTA, Indonesia and Mauritius have been actively exploring business opportunities through meetings between businesspeople from both countries. This initiative aims to identify potential partnerships and collaborations. "However, while we are waiting for the good result of the dialogue on the PTA, I, together with my team, did some meetings with business people both in Mauritius and Indonesia to find a perfect linkage for their business," Mr. Seputro explained.

Indonesia's rapidly developing financial services sector offers another avenue for cooperation between the two countries. Mauritius, with its expertise in this field, could provide valuable training and knowledge sharing to Indonesian financial institutions. Additionally, the exchange of best practices can enhance mutual understanding and promote collaboration.

"Yes, Indonesia is now enjoying the benefits of a rapidly developing financial services sector," Mr. Seputro acknowledged. He suggested potential areas of cooperation, such as "training for those who work in the financial services sector" and "best practices exchange."

" The digital economy has played a significant role in the growth of Indonesia's financial sector, with many people using mobile phones for various financial activities. There is great potential for Indonesia and Mauritius to collaborate on developing advanced digital infrastructure in Indonesia, including capacity building for human resources in banking and financial institutions. A joint effort to create a financial platform to support trade between the two countries could also be beneficial," he explained.

As a founding member of ASEAN, Indonesia views the regional bloc as a crucial platform for achieving its national interests through diplomacy. Together with other ASEAN member states, Indonesia promotes international cooperation with major countries and economies worldwide. Mauritius has expressed interest in becoming a partner of ASEAN, and Indonesia believes that such a partnership could be mutually beneficial. The ASEAN diaspora in Mauritius, numbering around 350-400 people, can serve as a bridge for cooperation between the two regions, he averred.

Strengthening ties: Future of U.S.-Mauritius economic and security collaboration

In a recent discussion with the U.S. Ambassador to Mauritius, Henry V. Jardine, he delved into several key aspects of the evolving relationship between the United States and Mauritius. The 2024 U.S.-Mauritius Business Summit was a focal point with Ambassador Jardine emphasising its significance in setting a robust foundation for future economic collaboration. "The Summit brought more than three dozen representatives from 11 U.S. companies to Mauritius," the Ambassador explained. "This event showcased U.S. expertise and innovation in sectors like pharmaceuticals, biotechnology, renewable energy, and financial services. We are optimistic about collaboration in these sectors, not only because they represent excellent opportunities for investment, but also because the Mauritian government has identified them as priorities."

The Summit was more than just a networking event; it was a concrete step toward tangible business partnerships. "The U.S. Embassy and the U.S. Foreign Commercial Service received very positive feedback regarding the delegates' experience at the Summit," he noted. "We will continue to work together to track tangible outcomes, such as business partnerships, now that the Summit has successfully laid the groundwork for these conversations." The involvement of high-level Mauritian officials,

"Indonesia, with its population of 270 million people, offers a significant prospect for Mauritius to invest in,"

Lanang Seputro,
the Charge d'Affaires of the Permanent Representative of Indonesia in Antananarivo, Republic of Madagascar

including the Ministers of Foreign Affairs, Finance, Health, and Financial Services, further underscored the mutual commitment to strengthening economic ties. Following the Summit, a delegation of U.S. businesses led by Prosper Africa is expected to visit Mauritius in October to explore additional opportunities.

Turning to regional security, the Ambassador highlighted Mauritius's critical role in maritime security within the Indian Ocean. "The United States views Mauritius as a key partner in enhancing maritime security in the region," the Ambassador stated. "Situated at the crossroads of major shipping routes, Mauritius is uniquely positioned to support regional stability." The collaboration between the U.S. and Mauritius includes efforts to counter illicit activities such as drug trafficking and illegal fishing, as well as participation in the annual Cutlass Express exercise. The recent addition of FBI attaché Leah Tanner, an expert in financial crimes, represents a further commitment to tackling regional challenges. "Ms. Tanner is already creating relationships and sharing expertise with local law enforcement counterparts," he said. "We are partnering with other countries in the Western Indian Ocean, including Seychelles, Madagascar, and Comoros, to address financial crimes and corruption."

Ambassador Jardine also addressed the broader context of U.S.-Africa relations, particularly the partnership between the U.S. Africa Command and Mauritius. He assessed the current state of collaboration as positive and growing. "Collaboration between the United States and Mauritius on security issues is expanding, particularly in maritime security, law enforcement training, and capacity building," Ambassador Jardine observed. The visit of Ambassador Robert Scott, deputy commander for civil-military engagement at U.S. Africa Command, emphasised the U.S. commitment to supporting Mauritius in maintaining regional stability and addressing shared security challenges. "Key areas for increased cooperation include enhancing joint maritime security initiatives, combating illegal fishing, piracy, and drug trafficking," Ambassador Jardine added. "We also see potential in expanding professional training opportunities for Mauritian security forces and in supporting efforts to strengthen democratic governance and civil-military relations."

In discussing economic diplomacy, Ambassador Jardine highlighted the role of partnerships in strengthening U.S.-Mauritius relations. "Economic diplomacy is crucial in fostering a climate that encourages trade, investment, and mutual growth. Through partnerships with the Economic Development Board (EDB) and AmCham Mauritius, the U.S. Embassy actively supports initiatives that promote collaboration between U.S. and Mauritian businesses. The U.S.-Mauritius Business Summit was a prime example of such collaboration, providing U.S. companies with deeper insights into the Mauritian market and generating enthusiasm for future ventures. Private sector partnerships are not only beneficial to the companies involved but are also vital for strengthening broader U.S.-Mauritius ties. U.S. companies bring cutting-edge technology, best practices, and capital, which complement Mauritius's strategic position as a gateway to African and Asian markets."

Looking to the future, Ambassador Jardine outlined a vision for U.S. engagement with Africa, particularly small island nations like Mauritius. "Our long-term vision focuses on strengthening partnerships that promote economic development, security, and sustainability," he said. "The construction of the new U.S. Embassy in Bagatelle, Moka, symbolises a lasting commitment to Mauritius and will serve as a platform for enhanced diplomatic, economic, and cultural cooperation." Addressing both opportunities and challenges, the U.S. plans to enhance trade, investment, and capacity-building initiatives, with a particular focus on economic diversification, renewable energy, and entrepreneurship. "Together, we will address challenges such as climate change and security threats through partnerships, joint training, and regional cooperation," Ambassador Jardine affirmed. "The United States remains committed to advancing democratic values, promoting good governance, and tackling climate change, ensuring that small island nations like Mauritius are empowered to seize the opportunities of the 21st century."

Philippines' economic vision: growth, innovation, and resilience

In 2024, the Philippines has witnessed significant economic progress, driven by a diverse set of factors. As H.E. Ms. Noralyn Jubaira Baja, Ambassador Extraordinary and Plenipotentiary of the Republic of the Philippines to the Republic of Mauritius notes, "The Philippines posted a GDP growth of 6.3% during the 2nd quarter of 2024," with industry and services sectors leading this expansion, recording year-on-year growth of 7.7% and 6.8%, respectively.

"The United States views Mauritius as a key partner in enhancing maritime security in the region,"

Henry V. Jardine,
the U.S. Ambassador to Mauritius

Household consumption also played a crucial role, contributing a 4.6% increase. To maintain this momentum and achieve the ambitious goal of becoming the 16th largest economy by 2050, President Ferdinand Marcos Jr. has introduced an 8-point socio-economic agenda. The Ambassador explains that this agenda focuses on "ensuring food security; reducing transport and logistics costs; reducing energy costs; tackling health; strengthening social protection; addressing learning losses; improving bureaucratic efficiency; and ensuring sound fiscal management."

Infrastructure development remains a cornerstone of the country's growth strategy. The "Build Better More" (BBM) programme, a continuation of the previous "Build, Build, Build" initiative, is central to this effort. Ambassador Baja elaborates, "The BBM infrastructure programme for 2023 to 2028 includes 198 high-impact infrastructure flagship projects (IFPs)." These projects span various sectors, including rail infrastructure, roads, bridges, air transport, urban transportation, and maritime projects. They are primarily funded through official development assistance, public-private partnerships, and the national budget. "These IFPs aim to address infrastructure inadequacies and enhance physical connectivity, which is expected to significantly stimulate economic growth," she adds.

Despite robust growth in industry and services, the agriculture sector faces substantial challenges, particularly due to the impact of El Niño. To address these issues and ensure food security, the government of the Philippines has implemented the National Climate Change Action Plan (NCCAP). According to Ambassador Baja, this plan outlines the country's strategy for adaptation and mitigation, aiming to "ensure availability, stability, accessibility, and affordability of safe and healthy food in the face of climate change." The Department of Agriculture, in collaboration with stakeholders, is working to develop a climate-resilient agricultural sector that integrates agricultural development with climate responsiveness.

In terms of attracting foreign direct investment, the Philippines has made significant strides. The government has introduced key economic reforms to enhance the business environment. "Recent amendments to the Retail Trade Liberalisation Act, the Foreign Investment Act, and the Public Service Act are designed to make it easier for investors to do business in the country," Ambassador Baja explains.

These reforms lower the barriers for foreign investment, allowing up to 100% foreign ownership in certain sectors, and aim to make the Philippines a more attractive destination for global investors.

Balancing economic growth with social development remains a priority for the government of the Philippines. The country is actively pursuing the Sustainable Development Goals (SDGs) through a whole-of-nation approach. "The Philippines has shown moderate improvement in various SDGs, such as poverty reduction, hunger alleviation, and economic growth," says the Ambassador. The Philippine Development Plan for 2023-2028 and Ambisyon Natin 2040 align with these goals, reflecting progress in reducing poverty and inequality, and advancing infrastructure and economic development.

Regionally, the Philippines is leveraging its position within ASEAN and the Indo-Pacific Economic Framework to enhance its trade and investment prospects. "The country is very active in engaging with the ASEAN Economic Community (AEC), supporting micro, small, and medium enterprises, and benefiting from free trade agreements with ASEAN's dialogue partners," Ambassador Baja notes. Additionally, the Philippines is seeking to capitalise on the Indo-Pacific Economic Framework for Prosperity to boost its role as a key trade ally and prime location for sustainable and inclusive investments.

In the technology sector, the Philippines is making strides towards becoming a digital economy. The government has invested in advancing key sectors such as e-commerce, fintech, and digital connectivity. "The government has enacted laws such as the Philippine Innovation Act and the Innovative Startup Act, which are designed to spur technological innovation and support startups," says Ambassador Baja. These laws, along with initiatives under the Philippine Skills Framework programme, aim to enhance the country's digital capabilities and support technological advancements.

Through these multifaceted strategies and reforms, the Philippines is not only addressing current challenges but is also laying a strong foundation for sustained economic growth and development. The country's approach reflects a commitment to balancing economic ambitions with social progress, positioning itself as a resilient and dynamic player on the global stage.

"The government has enacted laws such as the Philippine Innovation Act and the Innovative Startup Act, which are designed to spur technological innovation and support startups,"

H.E. Ms. Noralyn Jubaira Baja, Ambassador Extraordinary and Plenipotentiary of the Republic of the Philippines to the Republic of Mauritius

Valuing growth companies: A comprehensive approach

Krystel Dookhith Burrun of Perigeum Capital Ltd emphasises that valuation of growth companies poses specific challenges for investors and analysts alike, and uses the space to explore key methodologies used for it, the importance of strategic foresight, and common pitfalls to avoid during the process.

Valuing growth companies presents a unique challenge for investors and analysts. Unlike mature firms with stable cash flows and predictable earnings, growth companies often operate in dynamic environments, characterised by rapid expansion, high reinvestment rates, innovation, and uncertainty. Their value lies not in current performance but in their future potential.

It is essential to employ a nuanced approach that captures both the potential and the risks associated with these companies.

This article will explore key methodologies used in the valuation of growth companies, the importance of strategic foresight, and common pitfalls to avoid.

Understanding growth companies

Growth companies are businesses that are expected to grow significantly faster than the overall market or their industry peers. These companies often reinvest earnings into the business to fuel further expansion, resulting in little to no profit distribution to shareholders. Investors are attracted to growth companies because of the potential for capital appreciation. Their appeal lies in the promise for exponential growth, driven by disruptive products, expanding markets, competitive advantage, being the first mover in an untapped market or innovative business models.

However, this potential also brings volatility. Growth companies are more susceptible to market fluctuations, technological changes, and competitive pressures, leading to uncertainty surrounding their future cash flows. Therefore, valuing these companies requires a tailored comprehensive approach that accounts for both the opportunities and risks inherent in their business models.

Below is an overview of the application of two commonly used valuation techniques in the context of growth companies:

1. Discounted Cash Flow (DCF) Analysis:
The DCF model remains one of the most widely used valuation techniques, even for growth companies. However, it requires careful consideration of the inputs. For growth companies, the focus should be on estimating future cash flows, reflecting the

expected growth trajectory. However, those forecasts can be difficult to estimate for a company that is still in its growth phase. Small changes in assumptions about revenue growth, margins, terminal value or discount rates can lead to significant variations in the valuation outcome.

The inherent risks associated with the future cash flows of growth companies may be integrated in the valuation model by using scenario analysis to arrive at a probability-weighted performance. Scenario analysis is a valuable tool, allowing analysts to explore different growth scenarios and their impact on valuation. This approach helps in understanding the range of potential outcomes and the associated risks. Another possible way to cater for risks in a DCF valuation is by adjusting the discount rate upwards with a higher equity risk premium or beta to account for the company's volatility.

2. Relative Valuation:
Relative valuation methods, such as price-to-earnings (P/E), price-to-sales (P/S), and EV/EBITDA multiples, can be useful, but they need to be applied with caution. Comparisons should be made with other high-growth companies within the same industry or sector to provide a meaningful context. It is important to identify peer companies that are in similar stages of growth and have comparable business models.

Obviously, the challenge lies in finding truly comparable companies, as growth companies often have unique business models or operate in emerging markets where direct comparisons are limited.

Common pitfalls to avoid

1. Over-reliance on Short-term Metrics:
Focusing too much on short-term financial metrics can lead to an inaccurate valuation. Growth companies often sacrifice short-term profitability for long-term gains, so it's crucial to adopt a long- term perspective.

2. Lower focus on the CAPEX and cost structure
In building forecasts for growth companies, a lot of focus is put on the revenue line. It is important to ensure that the costs and required capital expenditure are both proportionate to the growth strategy of the company. Furthermore, in the long term, it may be reasonable to expect that performance KPIs will stabilise to industry norms, unless the company operates in a disruptive market or is able to retain an edge over its competitors.

3. Ignoring Market Sentiments:
While intrinsic valuation is important, it's also essential to consider market sentiments and investor expectations. Growth companies are often subject to hype cycles, which can inflate valuations. Understanding the market's expectations can help in assessing whether a company's current valuation is sustainable.

> The value of high-growth companies lies not in current performance but future potential

4. Underestimating Risk:
Growth companies inherently carry higher risk, whether due to market conditions, execution challenges, or technological disruption. It is important not to underestimate these risks and to incorporate them into the valuation model.

Adopting a comprehensive approach

Valuing growth companies requires a blend of analytical rigour, strategic insight, and an understanding of market dynamics. While traditional valuation methods like DCF and relative valuation are still relevant, they must be adapted to account for the unique characteristics of growth companies.

Strategic foresight is key. Analysts must consider the company's competitive position, scalability, and the sustainability of its growth. Factors such as market size, competitive advantage, management quality, and innovation potential play a critical role in determining whether the company can sustain its growth trajectory.

By adopting a comprehensive approach and avoiding common pitfalls, investors can better navigate the complexities of valuing high-growth firms and make informed investment decisions.

By Krystel Dookhith Burrun, Director - Corporate Finance, Perigeum Capital Ltd

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Making Mauritius a leading capital market for Africa

With the investment gap for infrastructure in Africa yawning wide, even as private businesses demand credit, Sheena Bobeechun-Kinnoo of AXYS Capital Markets explains how Mauritius can become part of the solution by posing as a key capital market for the emerging continent.

Sheena Bobeechun, CFA, Head of Business Development – AXYS Capital Markets

According to the African Development Bank (AfDB), Africa needs approximately USD 402 billion annually to fast-track its structural transformation between now and 2030 in key sectors such as education, energy, technology and innovation, and infrastructure. This issue is further compounded when the need for credit by private businesses is taken into consideration.

The financial sector in Africa remains relatively small and bank-dominated, notwithstanding the high costs of credit which adds to the difficulty in finding an acceptable source of finance by businesses. There is therefore a need to diversify the sources of funding and transform capital markets in Africa into a credible source of funding to fuel modernisation, innovation, infrastructure and development at a time of unprecedented economic growth on the African continent.

There is an urgent need to rethink the funding funnels in Africa and capital markets can play a vital role in closing the funding gap. The barriers in the way of the transformation of capital markets in Africa are multiple - underdeveloped regulatory frameworks, high transaction costs, inappropriate tax regimes, limited liquidity, lack of investor confidence, lack of expertise and lack of technological progress, amongst others. We believe that Mauritius can help overcome these barriers and become an important element in the equation as a capital market for Africa.

What Mauritius' Capital Market has achieved so far

Mauritius has a developed financial eco-system and can play an important role in further promoting Africa as an investment destination.

Capital markets are a key enabler to achieving a sustainable future for African economies and it is undeniable that Mauritius has one of the largest markets in the African region with a market capitalisation of USD 8.3 billion as at August 2024.

Since 2009, the Stock Exchange of Mauritius (SEM) has been successful in attracting the listing of 241 new securities, out of which 117 were from international issuers and 39 were from issuers with a focus on Africa (excluding Mauritius). A total of nearly USD 7 Bn has been raised on SEM's platform since 2009, out of which USD 5 Bn has been raised by international issuers.

How can Mauritius further position itself as a serious capital market for Africa? What does Mauritius have to offer and what are the factors that are delaying the process of its transformation into a capital market of note? These remain the key questions to ask.

Strengths of Mauritius as an IFC

The ranking of Mauritius on ease of doing business and its overall regulatory environment is very good testimony to the positioning of Mauritius as the ideal place to do business in Africa, both from an investment perspective and a trading perspective.

Mauritius is also signatory to Double Taxation Avoidance Agreements (DTAAs) and Investment Promotion and Protection Agreements (IPPAs) which, in essence, provide for favourable fiscal treatment of investment and incomes, and protect investment respectively. The latter is particularly important, especially in the wake of the relatively unstable economic and political environment that certain countries in Africa have been experiencing. The country's membership of trading blocs and participation in bilateral trade agreements offer African companies a preferential access to markets

spanning several continents. Investors in Africa need to have a neutral ground when investing on the continent and Mauritius is an ideal jurisdiction for a joint venture since the ultimate court of appeal is the Privy Council which gives comfort to investors.

The presence of very strong banks, both local and international, adds to the appeal of the country in its unique positioning for business in Africa. Mauritius boasts a multi-currency Stock Exchange which means that funding is not confined to Mauritius local currency, thereby allowing non-rupee fund raises. African companies seeking expansion should, therefore, look at the Mauritius jurisdiction to raise funds.

Opportunities to enhance the value proposition of Mauritius

As stated earlier in this article, Mauritius has witnessed an important increase in the depth of its capital market over the years and there is more to come in the wake of the growing needs in Africa. Trade finance for Africa is another area where significant progress can be achieved soon.

So, what more should Mauritius offer to entrench itself as the capital market for Africa? It is true that Mauritius, as an island in the Indian Ocean, is far from mainland Africa but we are proud to be an African country offering an African option to our African counterparts. We also boast the advantage of a common African culture and are more than willing to participate in the growth of our continent.

> The capital market of Mauritius had a market capitalisation of USD 8.3 bn in August 2024

Mauritius needs to position itself with the right value proposition to allow itself to be the go-to jurisdiction for Africa. It is important for the jurisdiction to build a centre of knowledge which acts as a depository of information for the continent.

Furthermore, it is important to attract the right skill set for the development of trade finance and cross border investment which can boost the level of activities undertaken through the jurisdiction. Finally, the presence of a private equity funds as well as very strong banks together with interests from international players is also expected to play an important role in consolidating the positioning of Mauritius as a key capital market for Africa.


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Private Equity: Why Secondaries are capturing investors' attention

As Private Equity's relevance in investment portfolios increases, Raveshan Pareathumby of Friday Capital explains how a rising subset of Private Equity is playing a key role in investment strategies, providing both shorter liquidity profiles and attractive returns.

By Raveshan Pareathumby, Investment Manager, Friday Capital

Private equity (PE) has long been a cornerstone for sophisticated investors seeking substantial returns. While many are familiar with the primary PE market, there's a subset known as secondaries that's gaining traction.

Let's delve into what secondaries are, why they're used, and what makes them an interesting option for investors.

What are secondaries?

In the realm of private equity, secondary investments refer to the buying and selling of existing private equity stakes from one investor to another. These transactions occur in what's known as the secondary market. Typically, private equity funds have a lifespan of about seven to ten years, during which the fund invests in various companies and eventually exits those investments.

Secondaries come into play when an investor, referred to as a limited partner (LP), needs liquidity before the fund reaches maturity. Instead of waiting for the fund's full term, the LP can sell their stake to another investor, the secondary buyer, who then takes on the future rights and obligations of that investment.

The secondary market in private equity began in the early 1980s with pioneering firms facilitating the trading of limited partnership interests. Initially driven by distressed sellers needing to exit prematurely, the market has matured into a robust ecosystem. By 2023, global transaction volumes reached $112 billion, tripling from $37 billion in 2016.

Why are secondaries used?

Liquidity Needs
One of the primary drivers for selling stakes in the secondary market is liquidity. Investors may need to free up cash for various reasons, such as meeting capital calls for new investments or rebalancing their portfolios. The secondary market provides a way to achieve liquidity without waiting for the natural exit of the fund's investments.

Portfolio Management
Institutional investors often use the secondary market to manage their portfolios more effectively. By selling off portions of their private equity holdings, they can reduce their exposure to specific sectors or rebalance their allocations to align with investment policy statements.

Reduced J-Curve Effect
The J-Curve effect in private equity refers to the initial period of negative returns followed by a rise in returns as the investments mature. By buying into secondary funds, investors can mitigate this effect since they are acquiring more mature assets that have already gone through the initial investment phase, leading to potentially quicker returns.

Why are secondaries interesting?

Discounted Access
Secondary transactions in private equity often occur at discounts to net asset value (NAV) due to several factors beyond just the need for liquidity.

These discounts reflect the illiquidity premium investors demand for less liquid assets, as well as market conditions, the performance and quality of the fund's underlying assets, and the reputation and track record of the general partner (GP). Additionally, the complexity of the transaction, the urgency of the sale, sector-specific risks, and the stage of the investment cycle all contribute to the level of discount in secondary market transactions.

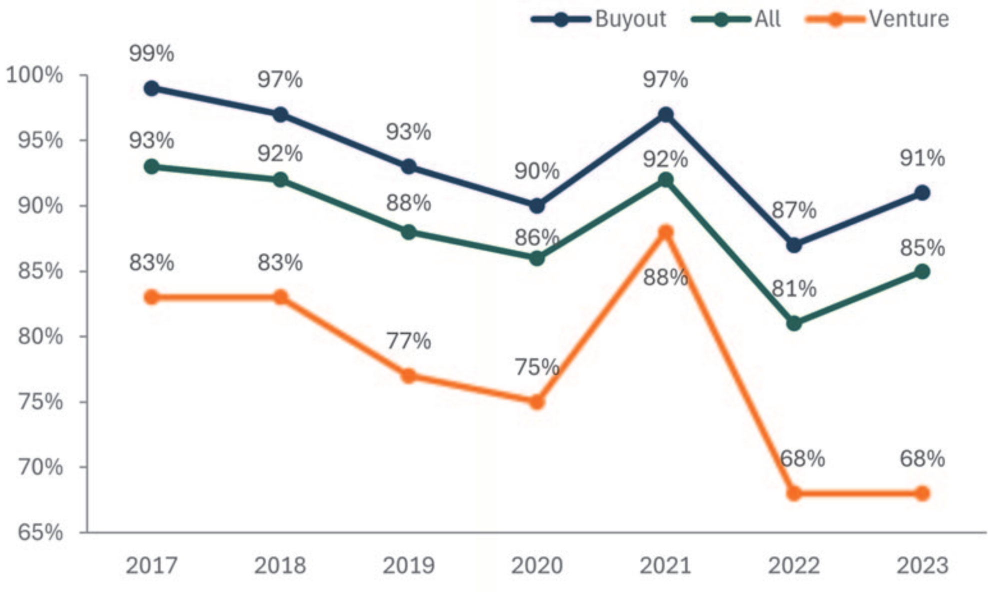

Fig. 1 Secondaries pricing (% of NAV). (Source: Jefferies)

On average, secondary transactions occur at a discount of around 10% to 30% to NAV (Fig 1).

Enhanced Transparency

Unlike primary investments where investors commit capital to a "blind pool" of assets, secondary buyers know the specific investments they are acquiring. This transparency allows for thorough due diligence, reducing uncertainty and enhancing investment decisions.

Faster cash returns

Secondary investments in private equity often offer quicker cash returns compared to primary investments. This is because secondary buyers acquire stakes in funds that are further along in their lifecycle, with more mature underlying assets that are closer to generating returns.

Diversification

Secondary investments offer immediate diversification across different vintage years, industries, and geographies. This broad exposure can help reduce risk and provide a balanced portfolio from the onset.

Risks to consider

While secondary investments offer numerous benefits, they are not without risks. The complexity of valuing these assets and negotiating transactions requires extensive research and due diligence expertise.

Many investors prefer accessing secondary opportunities through specialist investors to navigate these challenges effectively.

Compelling opportunity for investors

For qualified investors, and PE Fund of funds, private equity secondaries represent a compelling opportunity. They offer a way to access mature, potentially discounted assets with greater transparency and diversification. As the private equity landscape continues to evolve, secondaries are set to play an increasingly vital role in investment strategies, providing both liquidity solutions and attractive returns.

> Liquidity forms a primary driver for selling stakes in the secondary market

If you're exploring ways to enhance your portfolio through private equity secondaries, consulting with professionals will provide guidance toward tailored strategies to suit your investment goals. As always, thorough due diligence and a clear understanding of the risks are essential for successful investing in this dynamic market segment.

Securities Exchanges at the crossroads of competition, consolidation and AI

Against the backdrop of increased competition caused by deregulation, technological advances, and globalisation, Shamin A Sookia of Perigeum Capital reflects on how securities exchanges find themselves at a crossroads, with challenges compounded by the advent of Artificial Intelligence (AI) that could potentially unleash a new wave of consolidation across the whole industry.

By Shamin A. Sookia,
Managing Director,
Perigeum Capital Ltd

Traditionally, securities exchanges were organised as not-for-profit organisations, founded and owned by brokers and dealers who managed their securities exchange like an exclusive club, with high barriers of entry, and a regional – or even national – monopoly.

Over time, domestic and international competition have increasingly compelled securities exchanges to give up their exclusivity, undergo restructuring, and become publicly traded for-profit companies, a process referred to as demutualisation.

Securities exchanges are intermediaries, bringing together buyers and sellers, investors and issuers, and, through information distribution, informed and uninformed market participants. What makes securities exchanges unique is that they are both regulators and regulated entities: regulators insofar as they oversee the market they organise, and at the same time regulated to the extent that they are subject to the control and supervision of their regulatory bodies.

Until two decades ago, the heart of a securities exchange was its trading floor, where the so-called floor brokers met, negotiated, and agreed upon the price for stock transfers, mainly executed for their principals. But trading floors have become a deserted place, and the trading model has become obsolescent since a while. Humans are increasingly getting replaced by computers in many industries and the securities exchange industry is no exception to this trend with the flourishing of electronic systems that match buy and sell orders automatically.

AI assuming a greater role in trading

Indeed, while humans still remain a big part of the equation, AI has taken on an increasingly significant role in trading. The global AI trading market was valued at US$18.2 billion in year 2023, and it could nearly triple in size by year 2033. AI trading refers broadly to the use of artificial intelligence, predictive analytics and machine learning to analyse historical market and securities data, get investment ideas, build portfolios and automatically buy and sell stocks.

Apart from regulatory expenses, securities exchanges today spend considerably on information and communication technology. Notwithstanding the regulatory changes, the main reason for which competition among securities markets has dramatically increased in the past few years is the astonishing technological progress witnessed on a grand scale at the planetary level. While technology is increasingly recognised as a beast with an insatiable appetite for faster processing speed, greater capacity and bigger bandwidth, new communication and information technologies are driving the changes in the securities markets. New technologies are seen to be lowering the barriers of entry and making it easier to establish alternative trading systems that compete with the established securities exchanges.

The exchanges themselves have also invested heavily in new technology, leading to continuously decreasing trading costs. With the advent of AI, the revolution is set to gather pace in an unprecedented manner. Traditional investment firms might have hundreds of brokers, analysts and advisors working under them, but AI trading technology can replicate some of the repetitive tasks people have to do. There may be costs to implement and maintain AI, but over time firms and investors can spend less money on overhead expenses.

Risks attendant on AI trading

While many investors have enjoyed the upsides of AI trading, there are some downsides one must be aware of before applying AI trading tools. AI trading technologies can handle thousands and sometimes millions of complex calculations in a matter of seconds. It is impossible for humans to comprehend this task and understand how AI makes trading decisions. This raises questions about ethics in relation to the use of this technology and whether AI tools can be regulated in the securities market. While using historical data to anticipate future securities market behaviour has proven to be an accurate method, it is not foolproof. Securities markets can be volatile, and unprecedented events like climate-driven migration and geopolitical conflicts could place new stress on markets.

Consolidation among securities markets is a good example of how technology can fashion a new market structure. A century ago, it made economic sense to have separate securities exchanges given that communication was expensive and time-consuming. Nowadays, in the Internet age, it does not matter where you are based in the world. The better the means of communication are, the less efficient regional exchanges are. Larger exchanges enjoy economies of scale that reduce trading costs, attracting more traders and listed companies in the process. As trading volume increases, it is easier for buyers and sellers to interact with each other within the market thus leading to improved liquidity. Today, the majority of shares are held by institutions such as mutual funds, hedge funds, pension funds and insurance companies, and these institutions need the vast liquidity that can reasonably be offered by large exchanges.

Institutional investors are becoming increasingly sophisticated and cost conscious and are thus pressing for greater computerisation. This explains the gradual move away over time from human intervention found on traditional trading floors to technology ultimately trying to lay its hands over the whole process. Although the economics of cross-ocean mergers might be questionable, securities exchanges around the world appear to be convinced that bigger is better, especially in the age of AI where costs and scale would seem to be driving decisions more than ever.

Nonetheless, one needs to be wary of the consequences of AI being applied to trading decisions and trades going wrong for whatever reasons. The big question about identification of responsibility and accountability is then raised. Financial markets cannot function without accountability, but then who or what would be ultimately held accountable under these circumstances? The complexity of attributing blame for financial losses caused by AI inevitably extends into legal and ethical dimensions.

> Trading floors have become a deserted place, and the trading model has become obsolescent

Striking a balance: AI to function with human oversight

As AI systems become more autonomous, distinguishing between the software acting within its programmed parameters and genuinely unforeseeable consequences becomes really difficult, to say the least. The challenge for regulating and operating financial markets go beyond the borders of theory, rather the implications are real and touch every sphere of practicality within that whole space.

The future of securities exchanges in so far as trading is concerned lies in striking the right balance that would make the best use of AI and related technologies while, at the same time, maintaining and enhancing the role of human insight, oversight and accountability.

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Mauritius: Raising the bar in corporate governance in the financial services sector

As investor trust hangs in the balance, Sachin Purmah of Venture Corporate Services (Mauritius) Limited explores the strategies and measures which can be applied to raise the corporate governance standards in the Mauritius International Financial Centre (IFC).

In the ever-evolving landscape of global finance, Mauritius stands at a pivotal crossroad, with robust corporate governance practices being crucial for economic stability and investors' trust.

In order for the jurisdiction to rise above the challenges and seize the opportunities presented by an increasingly interconnected world, it must elevate its corporate governance standards, with focus on the non-banking financial services sector.

Indicators of declining trends in corporate governance standards in Mauritius

1) World Economic Forum's Global Gender Gap

Despite significant strides towards gender equality in many areas, women remain underrepresented in executive roles, board memberships, and other key decision-making positions. Indeed, the 'World Economic Forum's Global Gender Gap Report' indicates that Mauritius has fallen from 98th place in 2023 to 107th place in 2024.

2) Transparency International Corruption Perception Index

In 2021, Mauritius was ranked 49th out of 180 countries in the 'Transparency International Corruption Perception Index'. It has declined to 55th in the year 2023.

3) Mo Ibrahim Index

If the country is still in a good position at the African level in this ranking, a decline has been observed on several levels and in the general classification. In the 'Overall Governance' category in the 2023 rating, according to the available data, Mauritius obtained its lowest score in 10 years.

Raising the bar by gender balance

Enhancing governance demands more rigorous measures. Public companies are now required to have at least one woman on the board of directors. If the public company is listed, the board should be comprised of at least 25% of women. A lot of diversity and inclusion initiatives have also been taken over the years for gender balance. The effectiveness of these measures remains to be seen over time.

In view of the declining trends described above, it is necessary to think of possible enhancements in gender representation on boards. The following measures are recommended to improve the board composition and strike the right balance:

1) Directorships

In cases where there are male directors holding between 50 to 100 directorships, it lessens the opportunities for women to become member of the board, creates cross directorships, and obstructs good governance. Revisiting the limit to a more reasonable number would pave the way for better female representation.

2) Special Licence Entities

It is recommended that same provisions currently applicable to public companies for female representation be extended to special licence entities regulated by the Financial Services Commission for better governance.

3) Time Commitment/ Mandatory attendance

Companies need to adopt a policy requiring a director to attend a minimum number of meetings each year, and in doing so, reduce reliance on alternate directors. It is important to redefine the roles of alternate

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Pratham Pudaruth
Intern
Venture Corporate Services (Mauritius) Limited

directors and limit their responsibilities compared to the primary directors.

Raising the bar by enhanced competency standards and regulatory monitoring

The last two decades have seen several measures introduced by regulatory bodies to upskill finance professionals. For instance, compliance professionals are subject to competency standards prior to taking compliance jobs. In other jurisdictions, such measures have been introduced for directors.

The Singapore Institute of Directors recently launched an accreditation framework in a move to raise the standards and competencies of those who sit on company boards. The said accreditation framework is expected to give directors greater clarity on the competencies they should develop and to provide a common standard for companies to make decisions on board appointments. The framework identifies eight areas of competence that directors must exhibit in the boardroom as illustrated in Figure 1.

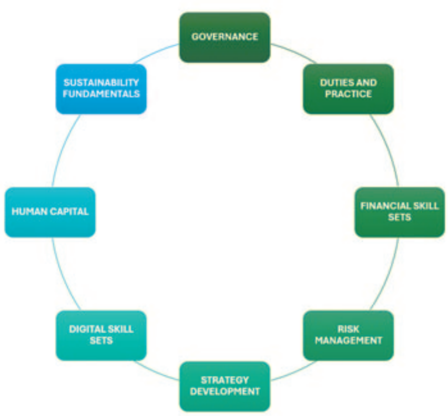

Fig. 1. Eight areas of competence

It is to be emphasised that in order for directors to discharge wholly their fiduciary duties and responsibilities, there is also an urgent need to implement continuous professional development for executive and non-executive directors under the supervision of the regulators. This measure has already produced remarkable results in the legal and accountancy fields, among others, where members of the respective professions are mandatorily required to attend relevant training sessions every year to keep abreast of new developments together with enhancing their skill levels.

It may be envisaged in the mauritian context that regulators require annual returns to be submitted by each director of special licence entities on his/her respective attendance at board meetings during the year, including number of absences as well.

Raising the bar through GRC information systems

To fulfill his or her fiduciary responsibilities to the best of their abilities, a director will need to rely on accurate, real-time information. GRC information system is that solution as it allows a director to manage information from a central dashboard and manage risk and compliance responsibilities while making governance transparent and actionable.

GRC tools combine data from different areas and indicate which risks are important and need attention. They identify and assess risks daily; and they also map risks to internal policies. The benefits are illustrated in Figure 2.

Fig. 2. GRC Benefits

All in all, it is highly recommended that companies further embrace technological change to drive innovation and digital transformation by investing in GRC systems.

Taking corporate governance in Mauritius to the next level

To quote Abraham Maslow, the revered American psychologist who created Maslow's hierarchy of needs, "In any given moment we have two options: to step forward into growth or step back into safety."

Growth in our financial services sector would be achieved by looking forward and taking bold steps in the right direction. Preserving status quo and looking for safety can only be detrimental to the sector while raising the bar now will certainly achieve growth and ensure sustainability in the long term.

Enhancing governance demands more rigorous measures

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https://www.transparency.org/en/countries/mauritius

Trusts versus Foundations: Estate planning and asset protection in Mauritius

As the jurisdiction offers investors a choice between trusts and foundations to meet their wealth management objectives, Tania Li and Yoshinee Radhoa of Orison Legal examine the factors that might cause founders to favour one structure over another, motivated by their individual requirements.

With the advantage of being a hybrid legal system inspired by both French and English law concepts, the Mauritian IFC offers two distinct structures for estate planning and asset protection: the trust and the foundation.

Whilst the trust and the foundation bear similarities in terms of flexibility, perpetuity, and continuous professional management, some distinctions may lead investors to favour one structure over the other, based on their needs and objectives.

Ease of setting up and efficient management

Both trusts and foundations can be set up through an inter vivos disposition of assets during the settlor or the founder's lifetime, or upon their death by a will or testament, for the benefit of persons called beneficiaries, charitable or non-charitable purposes, or a mix of both.

Trusts can be established by a settlor by a trust deed (which need not be filed with any regulatory authority) and boast a maximum lifetime of 99 years, except for purpose trusts which can be of perpetual duration. Legal ownership of assets vests in one or several trustees, one of whom must necessarily be a qualified trustee licensed by the Financial Services Commission (FSC), hence providing comfort in terms of experienced and competent management for the ultimate benefit of the beneficiaries and/or the advancement of the trust's purposes.

A settlor can prepare a letter of wishes but this document is, compared to the trust deed, not binding on the trustees. A settlor can act as trustee allowing him to retain some control over the management of trust assets and be named as beneficiary, provided he is not the sole beneficiary.

Foundations on the other hand are established by a founder for any duration specified in the charter filed with the Registrar of Foundations (ROF), and articles governing other intricacies (such as the regulation of council affairs and the distribution of assets by the council) may also be adopted. Foundations are managed by a council, the members of which must necessarily include one Mauritian resident and can comprise individuals or body corporates. The founder can be appointed as a council member and, in comparison with trusts, the founder can be named as either sole beneficiary or as one of the beneficiaries.

Trustees and council members of foundations owe fiduciary duties: accountability towards the beneficiaries of the trust or the foundation, diligence, due care, and avoidance of conflict of interests form the basis of proper management of either structure.

Legal personality and registration with authorities

However, one key difference is that the trust does not have separate legal personality and hence cannot contract in its own name. The trustee as the legal owner of the assets will execute contracts and enter into transactions with third parties on behalf of the trust.

> Trustees and council members of foundations owe fiduciary duties

A foundation which is not registered with the ROF will similarly not have any separate legal personality. However, this is uncommon as most, if not all, foundations are indeed registered with the ROF, therefore conferring the distinct advantage of being able to contract and sue in the foundation's own name. A registered foundation's assets are owned by the foundation itself.

Confidentiality

Confidentiality is another key difference: trusts and trust deeds need not be registered or filed with any regulatory authority and, as such, no public inspection can be effected. Unregistered foundations also benefit from this advantage.

In contrast, foundations registered with the ROF are subject to statutory filings and inspections of certain documents can be conducted by persons authorised by the foundation or the FSC following the payment of prescribed fees.

Functionaries

The objectives, administration, and powers conferred to functionaries are set out in either the trust deed or the foundation charter, which afford a degree of flexibility in terms of drafting – as long as the provisions comply with our laws.

The trust deed can cater for the appointment of protectors responsible for advising the trustees and who have any other powers conferred by the trust deed. Enforcers (whose appointment is mandatory only for purpose trusts) will supervise the management of assets by the trustees.

Foundations must appoint a secretary, which is also a management company licensed by the FSC or a resident person authorised by the FSC to, amongst other functions, maintain the books and records of the foundation. Protectors may also be appointed and will have such powers as set out in the foundation charter.

Taxation

Charitable trusts and charitable foundations registered with the Mauritius Revenue Authority are exempt from income tax. Other categories of trusts and foundations are otherwise liable to income tax in Mauritius, bearing in mind that the trustee is responsible for handling payments for the trust in the absence of the latter's separate legal personality.

Non-citizen considerations

Whilst foundations appear to be a more popular choice for investors from civil law jurisdictions, investors from common law-based jurisdictions tend to favour the more familiar trust structure. Indeed, our laws allow foreign trusts and foreign foundations to migrate to Mauritius.

Here, non-citizens of Mauritius can create trusts or foundations and settle trust assets or endow the foundation with tangible assets (such as immovable property) and intangible assets (such as shares or financial instruments) situated outside of Mauritius or, subject to any required regulatory approvals, situated in Mauritius.

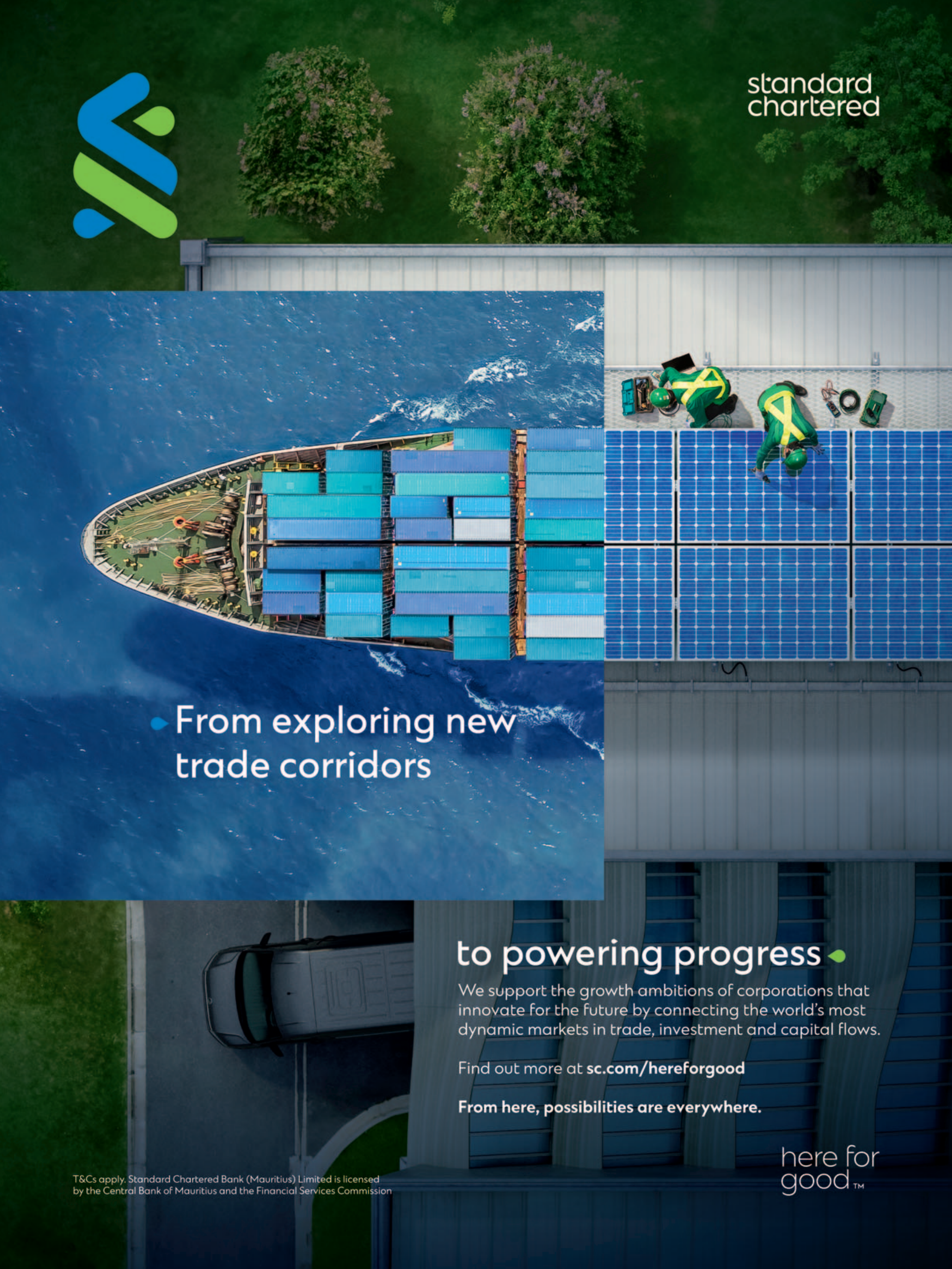
Concluding remarks

Ultimately, there is no one size fits all when it comes to the choice between these two distinct structures for estate planning and asset protection.

Choosing the appropriate structure needs to be carefully considered in conjunction with the proper advisers.

By Tania Li, Partner, Orison Legal

Yoshinee Radhoa, Associate, Orison Legal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