

BFA ASSET MANAGEMENT



Rui Oliveira
Chief Executive Officer

BFA Asset Management (BFAAM) is Angola’s premier fixed income investment manager. Founded in Luanda in 2016 by Banco de Fomento Angola (BFA), one of the largest private banks in Angola and part of the BPI Group and Caixa Bank.

As part of the fabric of BFA’s culture, BFAAM is a leading innovator in domestic capital markets investing, actively managing more than AOA119bn in assets for more than 3,000 clients, including retail, corporations, institutional and high net worth investors with an unmatched breadth and depth of fixed income and private equity solutions.

Rui Oliveira discusses the regulatory trends in Angola and opportunities for infrastructure development and real estate.



Q: Tell us about how BFA Asset Management came to be established, and the firm’s most important accomplishments in the past few years.

BFA Asset Management resulted from our founders’ ambition to have a firm that could serve a broader base of clients and strongly contribute to financial inclusion by allowing investors, ranging from institutional to retail investors to have access to local capital markets instruments and leverage from our shareholders’ solid expertise in debt markets. Today, eight funds later since we first launched in 2016, and an excess of over US\$200 million AUM, we serve more than 6,000 clients where more than 60% are retail – these are figures that truly make us proud and enthusiastic about the future.

Q: How has the Angolan government’s PROPRIV large-scale privatisation initiative been beneficial to BFA Asset Management?

Angola’s ambitious privatisation program is still in its infancy. The latest announcements by the Government indicate that key strategic assets such as ENSA (largest insurance firm), Angola Telecom and Sonangol’s (our national oil company) non-core businesses, including stakes in local banks, will also be privatised. In total, the State plans to privatise 97 assets, worth more than 806 billion Kz (approximately US\$1.3 billion). This news certainly excites us to prepare for the diverse opportunities that will arise.

NAME OF FIRM

BFA Gestao de Activos (BFA Asset Management)

FIRM TYPE

General Partner

Q: The crash of oil prices in 2015 led to a significant decrease in Angola’s GDP. How has BFA Asset Management been able to encourage investment in Angola despite this?

We were established just a year after, so you can probably imagine how frightening it must have been for us to kick start an investment management business at such a time. But despite this unfortunate turn of events for our country, we have tirelessly been encouraging our clients to look beyond the borders in search of alternative and non-traditional financing and we have also been working closely with different government bodies to promote policies that ease capital flows restrictions and encourage the establishment of strategic international partnerships with our capital markets authority and the local stock exchange.

While we are yet to reap the fruits of our labour, we strongly believe that such investor-friendly policies and a truly diversified global network will in time prove to be strategically beneficial for the country and our business.

Q: The lack of infrastructure in Angola has been an area of concern to the government. What are some of the opportunities you see in infrastructure development and real estate in particular?

Angola has demonstrated an exceptionally strong commitment to finance the reconstruction and expansion of its infrastructure. Recently, for example, the government has coordinated a US\$1.1 billion term loan financing to fund the development and improvement of the country's water infrastructure. This financing is being provided by international commercial banks and guarantees from the World Bank Group, Bpifrance Assurance Export and the African Trade Insurance Agency. Increasing the access to electric power is a high priority for the Government of Angola, which has set targets of 9.9 gigawatts (GW) of installed generation capacity and a 60% electrification rate by 2025 - this makes the energy infrastructure sector one of the most attractive to us.

Moreover, the total estimated cost for Angola's identified Nationally Determined Contribution (NDC) mitigation contribution through 2025 is estimated to have a combined funding gap of around US\$44.1 billion, across sectors. At a time when demand is surging for green and sustainable-compliant investments, we see interesting opportunities in unlocking international green finance such as green bond issuance for renewable energy projects; in carbon markets, Angola has only one project registered under the Kyoto Protocol's Clean Development Mechanism (CDM) mechanism and since its inception in 2016 it has yet to issue any certified emission reduction and therefore had no access to finance from developed countries; in real estate, we believe in affordable housing projects that embrace strong principles of sustainability, where we can provide green mortgages that link repayments to home energy efficiency improvements; and in the case for commercial real estate (CRE), studies show that green buildings are estimated to consume 29–50% less energy than "non-green"; use 40% less water; emit 33–39% less CO₂, and produce about 70% less solid waste. As a result, there will undoubtedly be a demand push from large retail tenants (such as oil firms) and investors for CREs buildings with relatively better sustainability credentials.

Q: How did BFA Asset Management support its stakeholders during the outbreak of the coronavirus pandemic?

Despite the inherent cyclicity and high-grade beta factor in the asset management activity, our business model, which combines the solid culture of the BFA Group with a strong offer in money market investments and securities, provides a useful countercyclical portfolio diversification, whilst remaining capital light and intensive on talent capture, with preference for organic growth. This strategic positioning has enabled us to maintain a high-quality customer base, a highly

motivated and experienced leadership team, which in turn allows us to stay resilient throughout this tumultuous time.

Q: How has AVCA been of value to BFA Asset Management?

We are quite thrilled to be the first in Angola to be a part of the Association, reflecting our ambition to stand out as a symbol of resilience and tenacity in the Angolan capital market with strategic clarity and an ambitious long term growth agenda. AVCA's extensive resources such as the in-depth industry data and reports and the newly established training academy make AVCA not only an unparalleled and valuable networking platform, but a must-have resource to help navigate the complexities of uncharted waters of investing in the region.

Find out more about BFA Asset Management on the firm's website: www.bfa.ao

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