

Africa investor ABC Index for Africa launched

Press Release
November 23, 2005

A lack of, or inaccurate information about the opportunities that exist has been identified as one of the main impediments to investment in Africa. This is reflected in international investors' hesitation to invest in the continent. In response to this, African Investment Advisory (AIA), a project advisory firm, Emerging Africa, the third party content provider to Bloomberg, and Nex-Rubica, a London based risk management company, have created a continental index of top African companies: the Ai Africa Blue-Chip (ABC) Index. The index is published in Africa investor (Ai) magazine alongside company profiles, news and key data.

To launch the Ai ABC Index, AIA and Nex Rubica held a City briefing on November 23, 2005 with Mr Sunil Benimadhu, the CEO of the Mauritius Stock Exchange, hosted by Deutsche Bank in London.

Guest speaker Mr Benimadhu noted that the growth potential of African markets derives from fundamental changes supporting stock market development. He says, *"leading African economies are expected to grow at 5-8% annually, thus emphasising the potential for African stock markets."* African countries are striving to bridge gaps with markets worldwide. Many countries are modernising and harmonising their regulatory environment with international best practices and consequently operating with transparent trading and settlement systems comparable to that of developed countries. Technological changes, such as better telecommunications and connectivity, are also supporting African stock market development.

For example, the Stock Exchange of Mauritius's (SEM) market capitalisation has increased from \$93,2 million in 1989 to \$2,5 billion in 2005. As the second sub-Saharan stock exchange member of the World Federation of Exchanges, SEM operates in line with international standards. Furthermore, its improving institutional and retail investor base make it an attractive investment destination for foreign investors.

Speaking at the launch AIA Associate Director Tony Colman said, *"Too little attention is paid to African stocks. A good way to remedy this is to give the world's financial centres a tool to measure African equity performance and volatility so that emerging market fund managers can compare them with other emerging markets."*

Nex Rubica's Martin Orji added, *"We are all acting with a new urgency based on Africa's new reality and, as risk professionals, we must drive the risk-reward culture deep into corporate Africa."* He also pointed out that reliable research on African blue chip companies outside of South Africa has been hard to come by and the Ai ABC Index provides international investors and analysts with a credible benchmark.

Africa's investment opportunity needs to be widely communicated to the investment community. Africa investor magazine is committed to supporting this communication through the Ai ABC Index and other initiatives.