

2025 ECONOMIC REVIEW AND 2026 OUTLOOK

FROM REFORMS TO INCLUSIVE GROWTH:

Navigating Shifts to Unlock Opportunities



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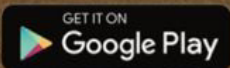


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Executive Summary



Executive Summary

Global output is projected to ease slightly from 3.2% in 2025 to 3.1% in 2026, driven by slower growth in the US and China as trade tariffs weigh on activity. Inflation in major economies is expected to trend towards central bank targets, supporting a shift towards monetary policy easing rather than tightening.

In the crude oil market, demand should strengthen modestly as global growth stabilises, while supply uncertainties persist. OPEC+ may adjust volumes for price stability, and non-OPEC output growth is expected to slow. Brent Crude Oil price is projected to hover around US\$55/b in 2026 while Bonny Lights is projected around US\$57/b in 2026.

Global equity markets will be influenced by monetary easing, tech cycle resilience, and macro developments across major economies. In fixed income, slowing growth and easing inflation should anchor yields lower in advanced economies. Nigeria may attract investment inflows if FX remains stable. Key global risks include geopolitical tensions, trade wars, supply chain disruptions, and high debt burdens.

Sub-Saharan Africa (SSA) is expected to post resilient growth of 4.1% in 2026, supported by easing inflation and reform momentum. The West African Economic and Monetary Union (WAEMU) region should maintain strong

growth at 5.6%, with contained inflation and opportunities for long-term capital mobilisation to finance infrastructure. This environment favours retail investment products such as Collective Investment Schemes (CIS).

United Capital Research projects Nigeria's GDP growth at 5.45%, driven by manufacturing, real estate, agriculture, ICT, and energy sectors. Increased investment in oil and gas and expanded refining capacity will boost domestic value creation and job growth.

Inflation is forecast to decline from 20% in January to single digits by December, averaging 12.36%, aided by lower food and energy prices, FX stability, and VAT removal on select items. Monetary policy is expected to ease, with MPR at 25%, CRR at 40%, and an average exchange rate of US\$1/₦1,412, ending near US\$1/₦1,321.

The NGX All-Share Index is projected to gain 31%, supported by price appreciation of currently listed stocks. Furthermore, there are strong indications that major companies such as Dangote Fertilizer Limited, NNPC Limited, and leading fintech firms will list their shares on the NGX floors. Lower yields will encourage equities, ETFs, REITs, and bond issuance, keeping Nigerian fixed-income instruments attractive on a risk-adjusted basis.

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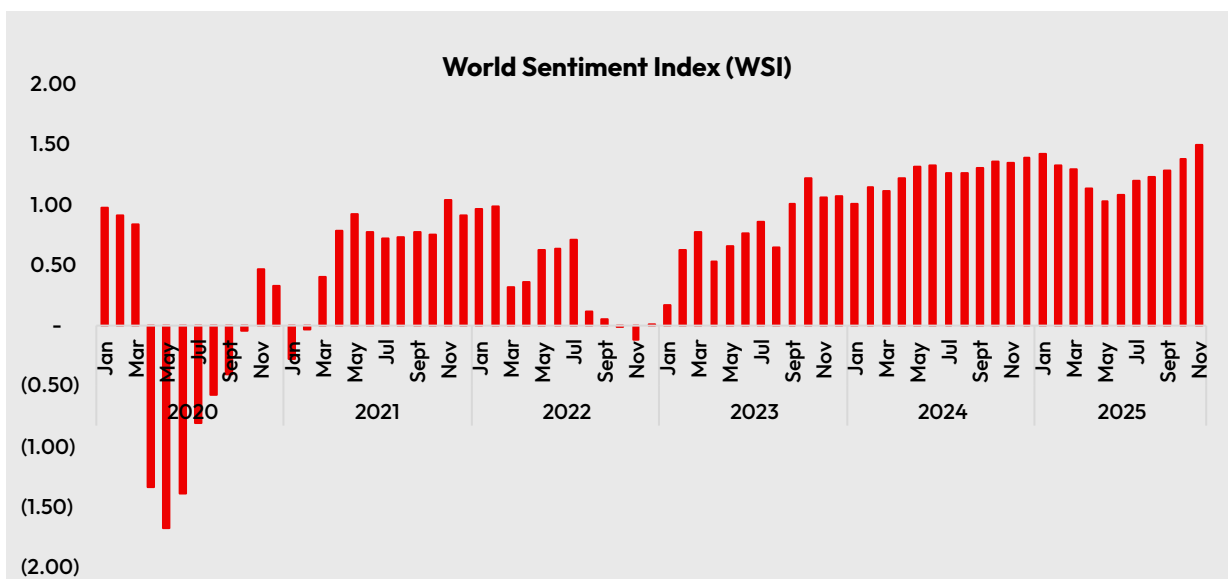
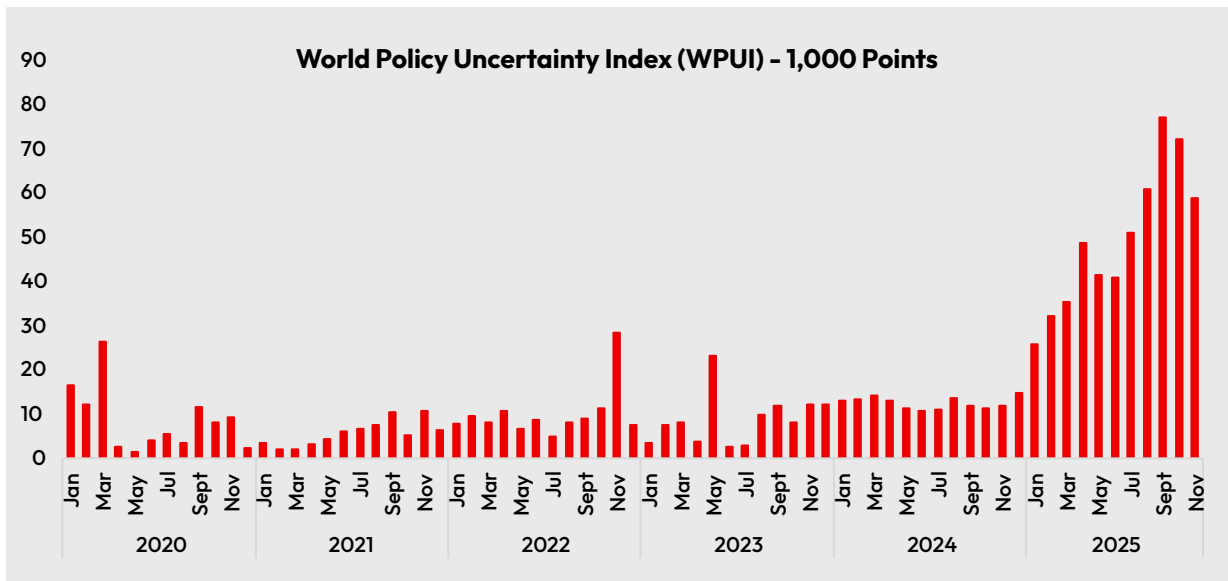
Global Economy



1.0

Global Economy

Global growth in 2025 reflected a delicate balance of economic resilience and vulnerability. Despite a surge in global uncertainty (as measured by World Policy Uncertainty Index), sentiment about economic prospects (as measured by World Sentiment Index) remains positive. The global uncertainty was driven by major policy shifts, rising geopolitical rifts and trade tensions among leading economies. The uncertainty shaped the conduct of monetary policy by major Central Banks such as the US Federal Reserve, Bank of England (BoE) and the European Central Bank (ECB).



1.1 Interpretations of the WPUI and WSI:

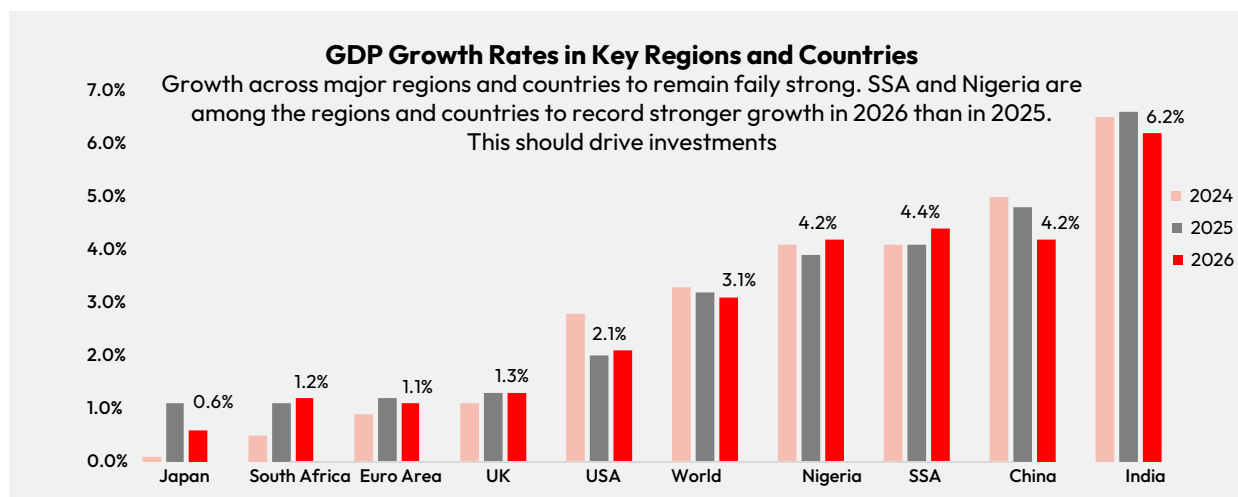
While the World Policy Uncertainty Index (WPUI) was at its highest level since 2020, the World Sentiment Index (WSI) was at its highest level since 2020. High WPUI value indicates greater global uncertainty, often associated with major shocks such as financial crises, pandemics, wars, or political instability. Lower value suggests stable policy and economic conditions, with less ambiguity about future decisions. Meanwhile, positive values of WSI indicate optimism in economic outlook while negative values signal pessimism as seen during major global downturns such as the COVID-19 pandemic. The index tends to dip sharply during crises and recover during stable periods.

1.2 Implications of the Current Economic Sentiments on Investments:

The world economic sentiment affects investment decision across the world, both real and financial capitals are allocated across regions and markets. Positive sentiment encourages risk-taking and expansion, while negative sentiment leads to caution and capital preservation. When global sentiment is strong, investors tend to allocate more to equities and emerging markets. While during pessimistic periods, they shift toward safe-haven assets like government bonds or gold. Given the prevailing strength in global economic sentiment, there is a compelling case that financial markets will favour risk-taking strategies in 2026. Furthermore, current indicators suggest that capital flows are likely to be directed towards emerging markets—particularly African regions—and robust economies within these markets, such as Nigeria.

1.3 Global Economic Growth Forecast:

Looking into 2026, the global economy is expected to remain on a stable trajectory. The International Monetary Fund (IMF) projects world output to ease slightly from 3.2% in 2025 to 3.1% in 2026. This marginal slower global growth expected in 2026 than 2025 reflects the slowdown in US and China economies as the impacts of the trade tariffs on the two largest economies continue to affect global economic growth. High tariffs generally reduce trade volumes, slow Gross Domestic Product (GDP) growth, and redirect capital flows towards safer markets. That is why gold prices rallied earlier in the year at the heart of the global trade tariff. Anecdotal evidence shows that a 10% increase in tariffs globally could shrink global GDP by between 1%–2% over a few years. Put differently, a resolution of the global trade war/tariffs could accelerate global GDP by between 1%–2% in the few years ahead.

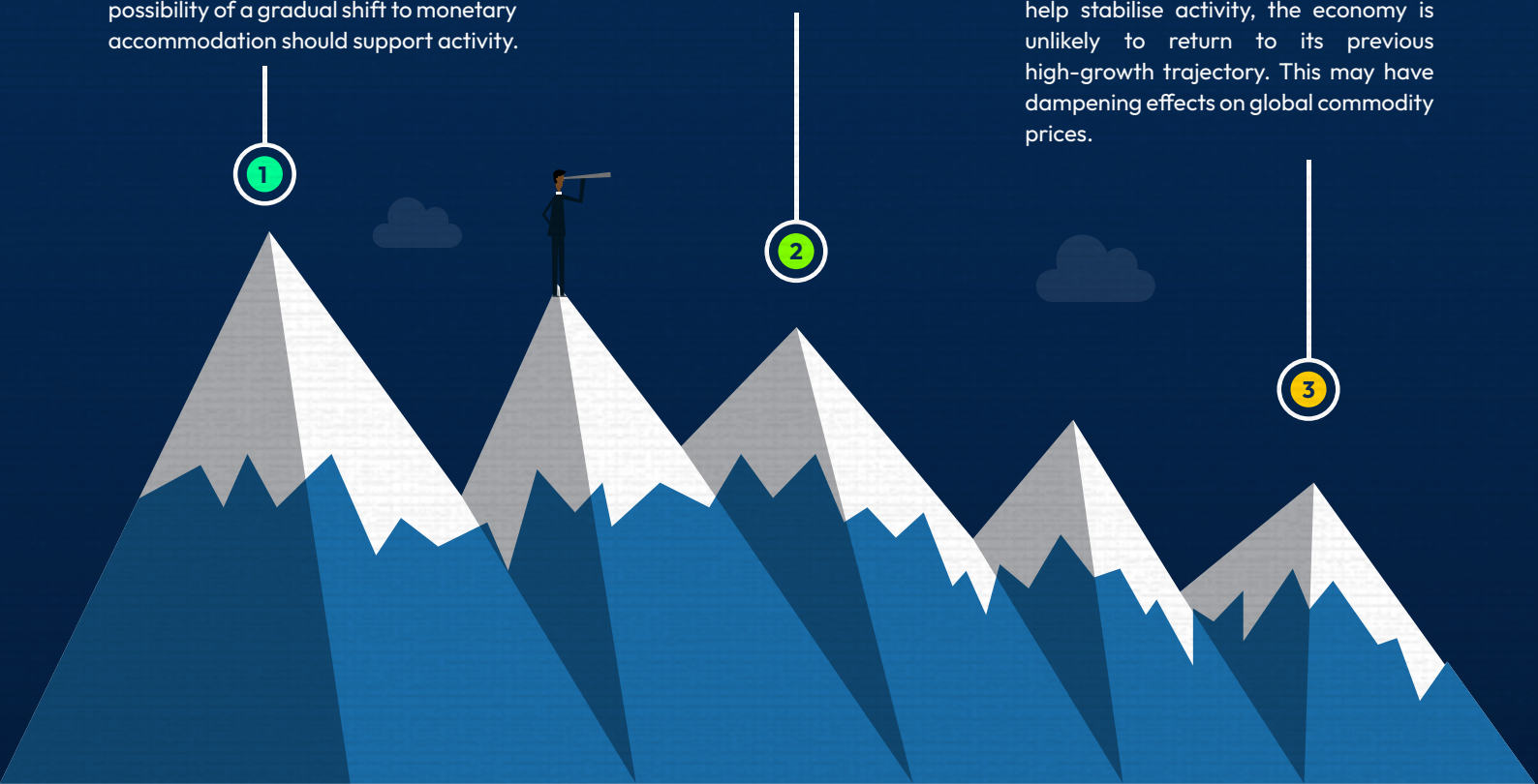


1.4 Regional Growth Forecast

Among advanced economies, growth is expected to normalise towards pre-pandemic trends. The US remains the outlier, with growth projected at 2.1%, the strongest among developed markets. Although the US economy is moderating, resilient consumer spending, easing inflation, and the possibility of a gradual shift to monetary accommodation should support activity.

In the Euro Area, growth is expected to remain modest at 1.1%, reflecting the region's slow industrial recovery and ongoing structural challenges. Germany is forecast to improve from contraction in 2024 to a gradual rebound by 2026, while Southern Europe continues to benefit from stronger services sectors.

Emerging and developing economies will remain the main driver of global growth. China is to continue its structural transition, with growth moderating to 4.2% in 2026 as property-sector weaknesses and subdued external demand weigh on momentum. While policy support should help stabilise activity, the economy is unlikely to return to its previous high-growth trajectory. This may have dampening effects on global commodity prices.



India, by contrast, is projected to remain the world's fastest-growing major economy, expanding by 6.2% as investment, domestic demand, and manufacturing reforms gain further traction. Sub-Saharan Africa is forecast to accelerate to 4.4%, supported by improving supply chains, easing inflation, and gradual fiscal consolidation across several economies.

Within Africa, Nigeria's growth is expected to strengthen to 4.2% in 2026, driven by foreign exchange market reforms, improved oil production, increasing oil refining capacity, and continued expansion in services and manufacturing. South Africa's outlook remains more constrained, with growth around 1.2% due to persistent electricity and logistics challenges, though meaningful policy reforms could provide upside potential.

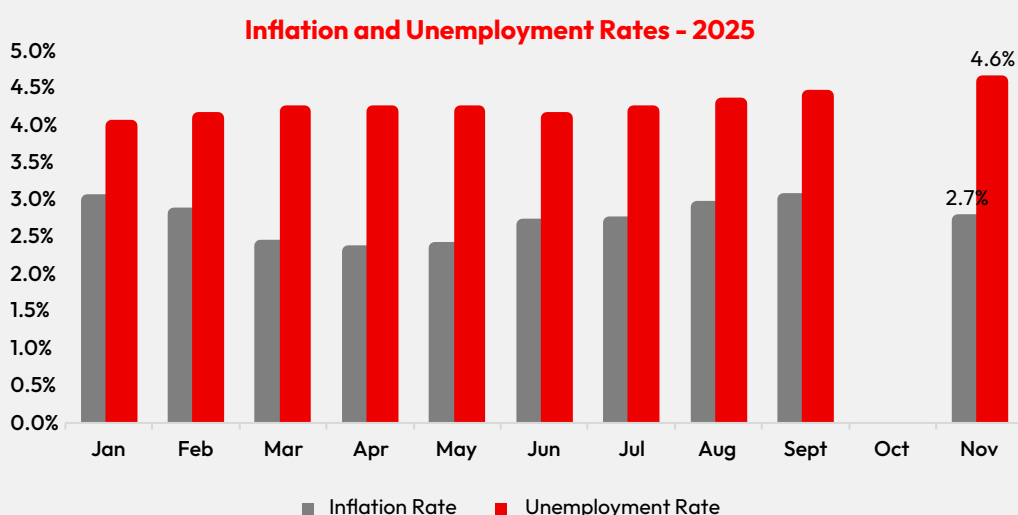
The 2026 outlook points to a global economy adapting to a lower interest rate environment compared with 2025. This shift is expected to stimulate robust investment flows into emerging markets that have implemented structural reforms to attract global capital. Nigeria stands out among Africa's leading economies and well-positioned to benefit from these inflows. Despite the growth prospects in 2026, geopolitical risks and structural challenges remain prevalent across several countries. Therefore, coordinated global policy measures to mitigate these risks will be critical to sustaining strong growth and capital flows in the years ahead.

1.5 Big Countries that Shape the Global System

1.5.1 The United States (US)

The United States (US) economy represents about 26% of global output, while its consumption expenditure accounts for roughly 31% of worldwide consumer spending. In addition, the US financial system – including banking, securities, and insurance—holds nearly 50% of global investable financial assets. The US Federal Reserve (the Fed), the nation's central bank, exerts significant influence not only on the domestic economy but also on global financial markets. Consequently, financial analysts and international investors closely monitor the Fed's policy decisions. For example, an increase in US interest rates typically tightens global liquidity, prompting capital flows from other regions toward the US, and vice versa.

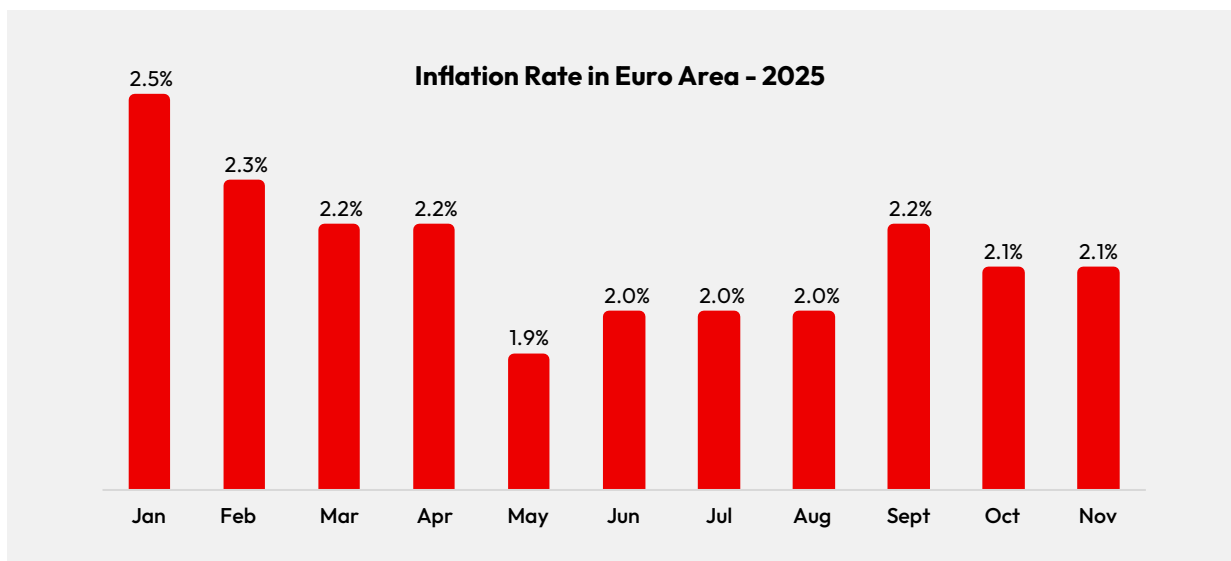
In 2026, inflation and unemployment forecasts suggest that the U.S. Federal Reserve (the Fed) will likely favour additional interest rate cuts to stimulate the labour market and broader economy. While unemployment may remain elevated due to the lagged effects of tariffs, inflation is projected to ease toward 2.4%, close to the Fed's 2% target. This environment should support lower financing costs for corporates, boosting profitability and valuations. Additionally, portfolio investors may intensify their search for higher yields in emerging markets as US rates decline. There was no data release in October 2025 because of the Government shutdown. The latest unemployment and inflation rates are 4.6% and 2.7% respectively. These rates informed the cut in interest rate by 0.25% in December 2025.



1.5.2 The Euro Area

The Euro Area has been the weakest among major economic blocs. Soft industrial output, and lingering energy-related adjustments have kept growth subdued. Germany continues to struggle with manufacturing-sector weakness and weak external demand,

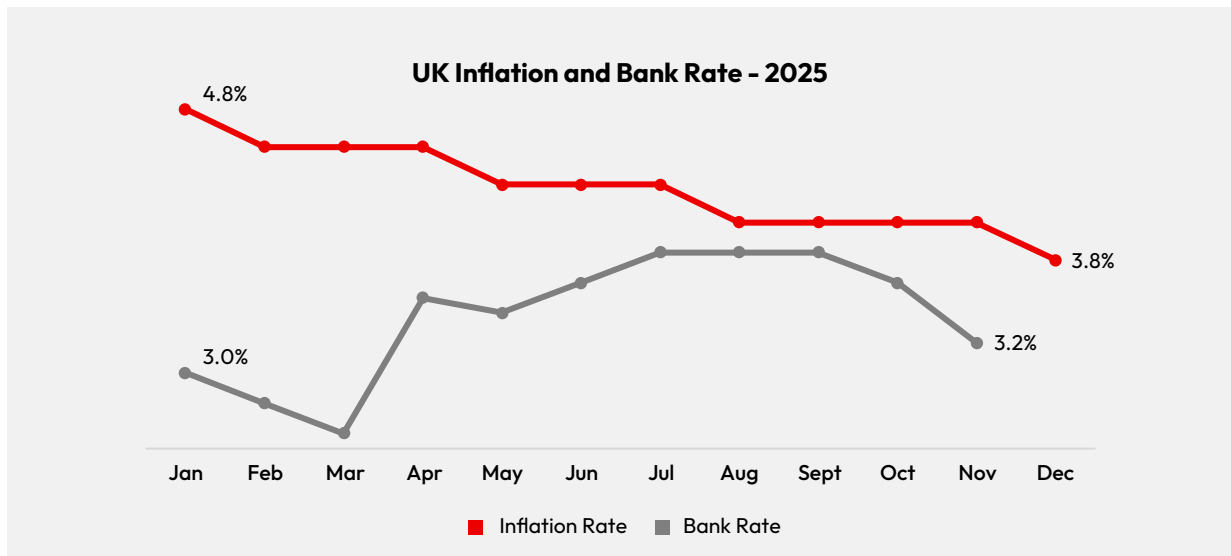
while economies such as Spain, Portugal and Greece have benefited from resilient services and tourism. Inflation rate has fallen close to 2.1%, a little higher than the target of 2.0% set by the European Central Bank (ECB). IMF projects an inflation rate of 1.9% in 2026. The ECB maintained the current monetary stance since June 2025 following a consistent interest rate cut from June 2024. While ECB does not commit to a future path of interest rate, it is expected that the ECB will keep interest rate low in the short-term given the inflation rate outlook and the need to stimulate growth in the region.



1.5.3 United Kingdom

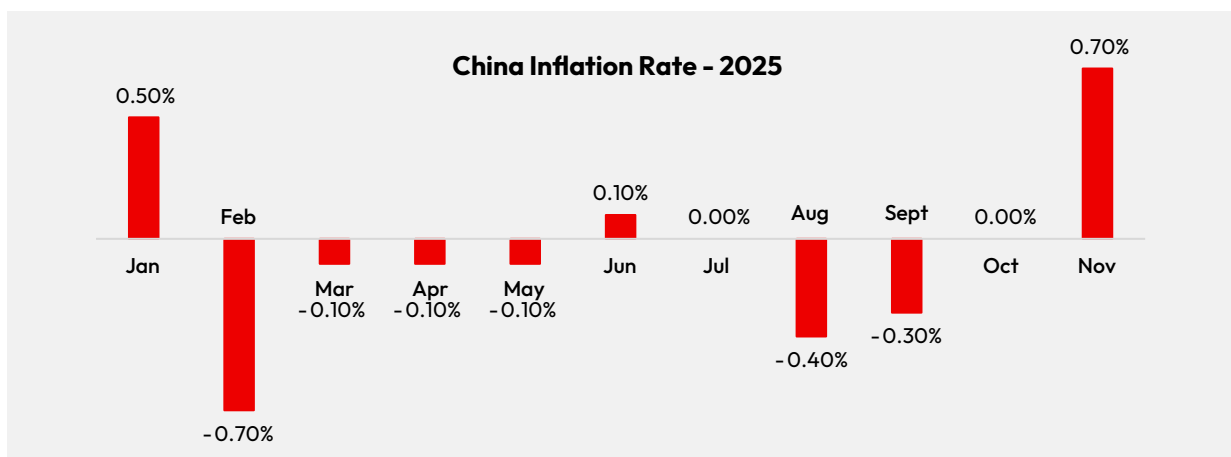
In the United Kingdom (UK), growth has remained subdued as households continue to adjust to several years of elevated inflation and high interest rates. Services continue to promote activity, but manufacturing and trade still face structural headwinds linked in part to reduced post-Brexit competitiveness. Consequently, the Bank of England (BoE) adjusted the Bank rate to stimulate economic growth following signs that inflation rate in UK would move close to the Bank's target of 2% in the near term.

The BoE dropped Bank rate (the policy rate) by 1% from 4.8% in January 2025 to 3.8% in December 2025. Inflation dropped from January 2025 to March 2025 following the tight money policy of the BoE. However, the Trade tariff of the US President exerted upward pressure on inflation rate from April 2025 till September 2025 to settle at 3.2% in November 2025. Inflation rate is expected to rise temporarily in December 2025 owing to an increase in tobacco duty and a pickup in airfares price. It is however expected to move close to 2% in Q2 2026 because of one-off reductions to regulatory costs levied on households' energy bills. As inflation rate moves close to the Bank's inflation rate target of 2%, it is expected that the BoE will lower the Bank rate. It is reasonable to anticipate further monetary policy easing by the BoE in 2026.



1.5.4 China

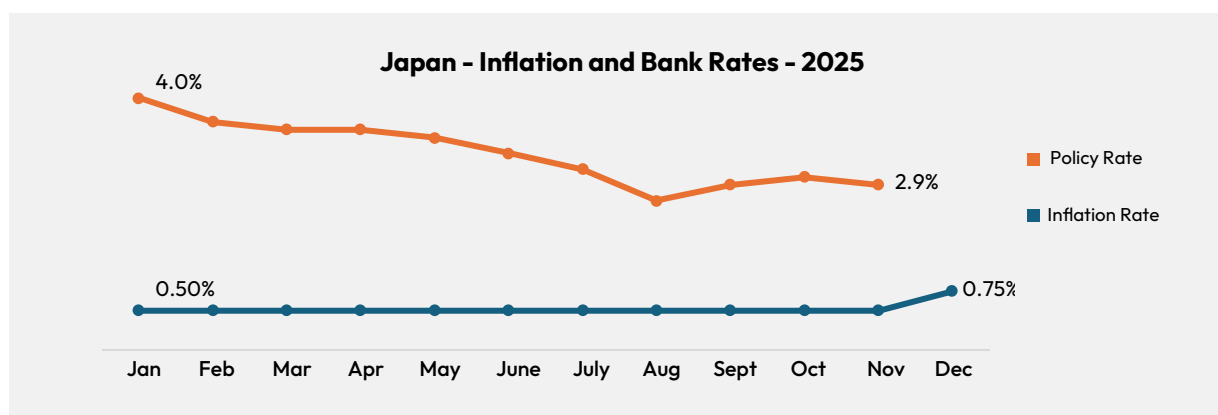
China's economy is navigating a structural transition to slower but more sustainable growth. The prolonged property-sector downturn remains a major drag, affecting household confidence, construction activity and local government finances. External demand has also softened, compounded by rising global protectionism. Nonetheless, targeted policy support and strong investment in advanced manufacturing and new-energy sectors, including electric vehicles (EVs), batteries and solar energy, have provided important buffers. Consumption is improving gradually but remains below its pre-pandemic trend. Inflation rate remained low during the year to settle at 0.7% as at November 2025 from 0.5% in January 2025. Consequently, the People's Bank of China (PBoC) maintained key lending rates at record lows for 7th consecutive month in December, in line with market expectations. The PboC maintained its 7-day reverse rate at 1.4% in December 2025 after the 0.1% cut from 1.5% in May 2025. The PBoC signalled less urgency for additional monetary stimulus as the economy is on track to meet this year's growth target. Going into 2026, there is no immediate justification for the PBoC to raise the policy rate.



1.5.5 Japan

Japan entered a new macro phase after decades of extremely low inflation. With inflation becoming more sustained, supported by wage gains and higher import costs, the Bank of Japan (BoJ) has begun gradually adjusting monetary policy. Despite this shift, overall economic momentum remains modest due to rising living costs and persistent demographic pressures. A weaker yen continues to support exports while increasing the burden of import prices.

Although inflation rate dropped from 4.0% in January 2025 to 2.9% as at November 2026, it was considered high and above the target of 2% set by BoJ to achieve price stability and economic growth. Consequently, BoJ raised its policy rate twice in 2025 by a total of 0.5% - 0.25% in January 2025 to 0.75% in December 2025. Japan is the only country among the major countries that we tracked that may continue with its tight monetary policy in 2026. However, the impact on the global economy may be muted as other major central banks are expected to maintain monetary policy easing.



1.6 Global Inflation

Global inflation continues to ease through 2025. This was supported by tight monetary conditions earlier implemented by major central Banks as discussed above, moderating commodity prices, and the gradual normalisation of supply chains. Most advanced economies saw meaningful progress. US inflation stabilised at 2.75% as at November 2025, the Euro Area fell toward 2.10%, and Japan's dropped 2.90%. While central banks have not yet fully reached their targets, the disinflation trend is broadly intact.

Emerging and developing economies recorded even sharper declines. Several African economies experienced some of the steepest disinflation globally, helped by currency stabilisation and improved food supply conditions. Although inflation levels remain structurally high in Nigeria, Ghana, Niger, Egypt, and Angola compared to global average, all saw double-digit drops from their 2024 peaks. Many West African economies within the CFA franc bloc recorded negative or near-zero inflation during the year, reflecting the stability of their currency regime and favourable harvest conditions.

Based on the IMF's inflation forecasts for the countries analysed, we observe positive real interest rates when comparing current policy rates to projected 2026 inflation—except in Japan and Algeria. This suggests that the prevailing monetary policy rates are broadly adequate for expected inflation trends, and the likely path of monetary policy rates leans more toward easing rather than tightening.

Nigeria's double-digit yields on Nigerian Treasury Bills (NTBs) and Government Bonds are likely to continue attracting strong interests from global investors. The exemption of both Federal and State Government bonds from taxes further enhances their appeal to investors. Additionally, Nigerian equity market remains relatively undervalued compared with many other emerging markets, supported by promising future earnings growth—positioning the market to draw increased attention from foreign investors.

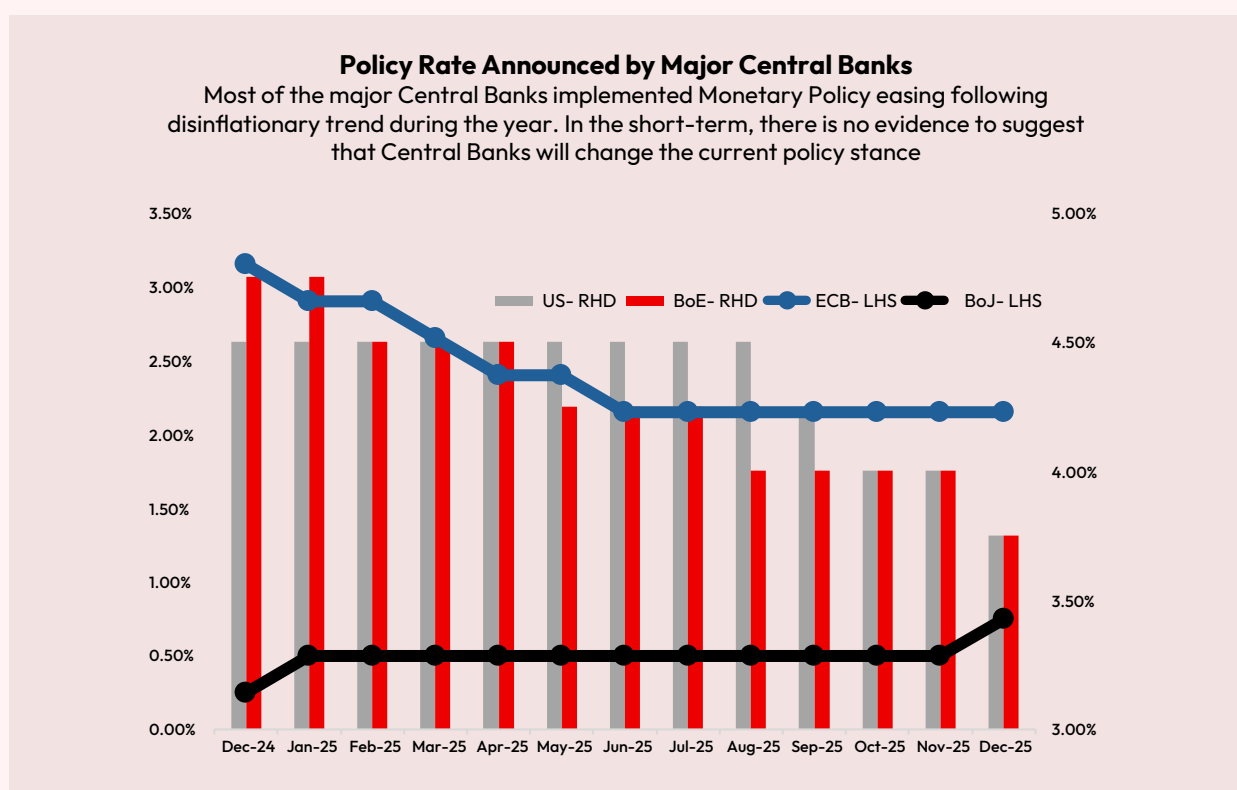
Inflation Rate Movement and Forecast – December 2025							
S/N	Countries	Dec.2024	Current	Change	2026 Inflation Forecast*	Policy Rate	Real Rate
1	Nigeria	34.80%	14.45%	-20.35%	22.00%	27.00%	5.00%
2	Ghana	23.80%	6.30%	-17.50%	9.90%	18.00%	8.10%
3	Niger	4.70%	-7.30%	-12.00%	3.20%	5.25%	2.05%
4	Egypt	24.00%	12.30%	-11.70%	11.80%	20.00%	8.20%
5	Angola	27.50%	16.56%	-10.94%	16.30%	18.50%	2.20%
6	Mali	4.90%	-4.70%	-9.60%	2.00%	5.25%	3.25%
7	Guinea Bissau	5.70%	-1.50%	-7.20%	2.00%	5.25%	3.25%
8	Burkina Faso	4.90%	-2.00%	-6.90%	2.40%	5.25%	2.85%
9	Ethiopia	17.00%	10.90%	-6.10%	9.40%	15.00%	5.60%
10	Algeria	4.40%	-0.40%	-4.80%	3.90%	2.75%	-1.15%
11	India	5.20%	0.71%	-4.49%	4.00%	5.25%	1.25%
12	Cote d'Ivoire	2.10%	0.00%	-2.10%	1.50%	5.25%	3.75%
13	Togo	1.20%	0.20%	-1.00%	2.00%	5.25%	3.25%
14	Morocco	0.70%	-0.30%	-1.00%	1.80%	2.25%	0.45%
15	Japan	3.60%	2.90%	-0.70%	2.10%	0.75%	-1.35%
16	Euro Area	2.40%	2.10%	-0.30%	1.90%	2.15%	0.25%
17	United States	3.00%	2.75%	-0.25%	2.40%	3.75%	1.35%
18	Tanzania	3.10%	3.40%	0.30%	3.50%	5.75%	2.25%
19	South Africa	3.00%	3.50%	0.50%	3.70%	6.75%	3.05%
20	China	0.10%	0.70%	0.60%	0.70%	3.00%	2.30%
21	United Kingdom	2.50%	3.20%	0.70%	2.50%	3.75%	1.25%
22	Kenya	3.00%	4.50%	1.50%	5.20%	9.00%	3.80%
23	Benin	-0.40%	1.10%	1.50%	2.00%	5.25%	3.25%
24	Senegal	0.30%	2.90%	2.60%	2.00%	5.25%	3.25%

Sources: * IMF, Trading Economics and United Capital Research

1.7 Monetary Policy

Global monetary policy shifted decisively into an easing cycle through 2024–2025 as inflation trended lower across major economies. The Federal Reserve, European Central Bank (ECB) and Bank of England (BoE) all delivered a series of rate cuts from mid-2024, while the Bank of Japan (BoJ) made only modest upward adjustments after exiting negative rates.

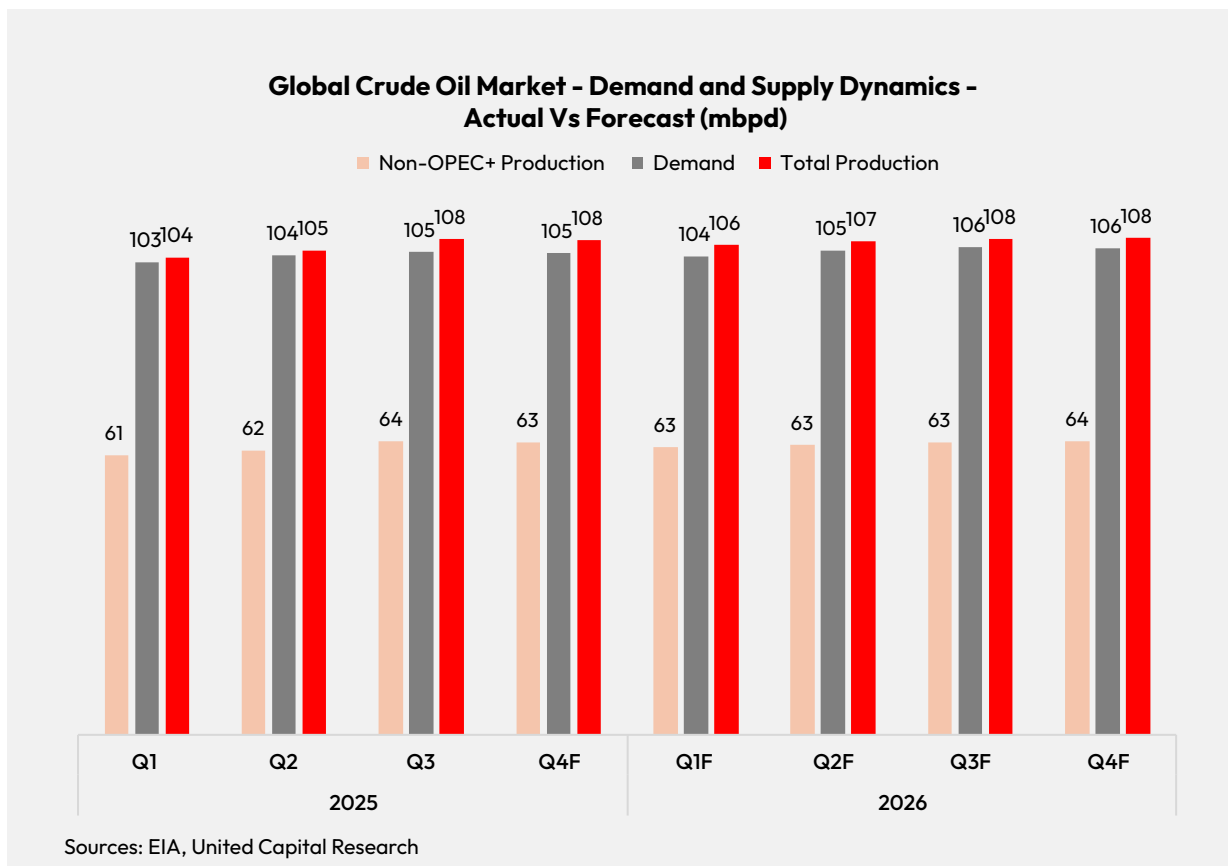
The Fed lowered its benchmark rate from 5.50% at the start of 2024 to 3.75% by December 2025. The ECB moved more aggressively, cutting from 4.50% to 2.15% as Eurozone inflation fell rapidly. The BoE also eased gradually to 3.75%, reflecting softer domestic inflation. Meanwhile, Japan adopted tight policy stance due to inflation, raising its policy rate to 0.75% to bring inflation rate to 2% target.



1.8 Global Commodities Update and Outlook

1.8.1 Crude Oil – Global Demand and Supply Dynamics

Global oil market fundamental in 2025 was shaped by softer demand growth and gradually rising supply. Demand moderated through the year as global manufacturing slowed, particularly in Europe and parts of Asia. On the supply side, non-OPEC+ producers, especially the US, Brazil and Guyana, continued to expand output. While OPEC entered 2025 with voluntary cuts still in place, they began phasing out the largest tranche of those cuts (2.2 mbpd) from April and completed that phase-out ahead of schedule by September, even though deeper structural cuts remained. Meanwhile, Saudi Arabia maintained higher production levels as it sought to defend market share, contributing to a more comfortable supply environment in the second half of the year. As a result, more supply gradually returned to the market at a time when demand growth was moderating mainly from China. Overall, the market moved from a mild deficit early in the year to a broadly balanced position by Q4, keeping prices relatively contained.



Looking into 2026, most forecasts point to a slightly tighter market. Demand is expected to strengthen modestly as global growth stabilises and mobility improves, but supply uncertainties remain. While OPEC+ may adjust volumes depending on price stability, non-OPEC output growth is expected to slow from its recent strong pace. One potential swing factor is Russian supply. If sanctions ease or enforcement weakens, additional barrels could return to the market. On balance, the outlook suggests a mildly tighter demand–supply balance, but still within a range that should keep prices relatively stable.

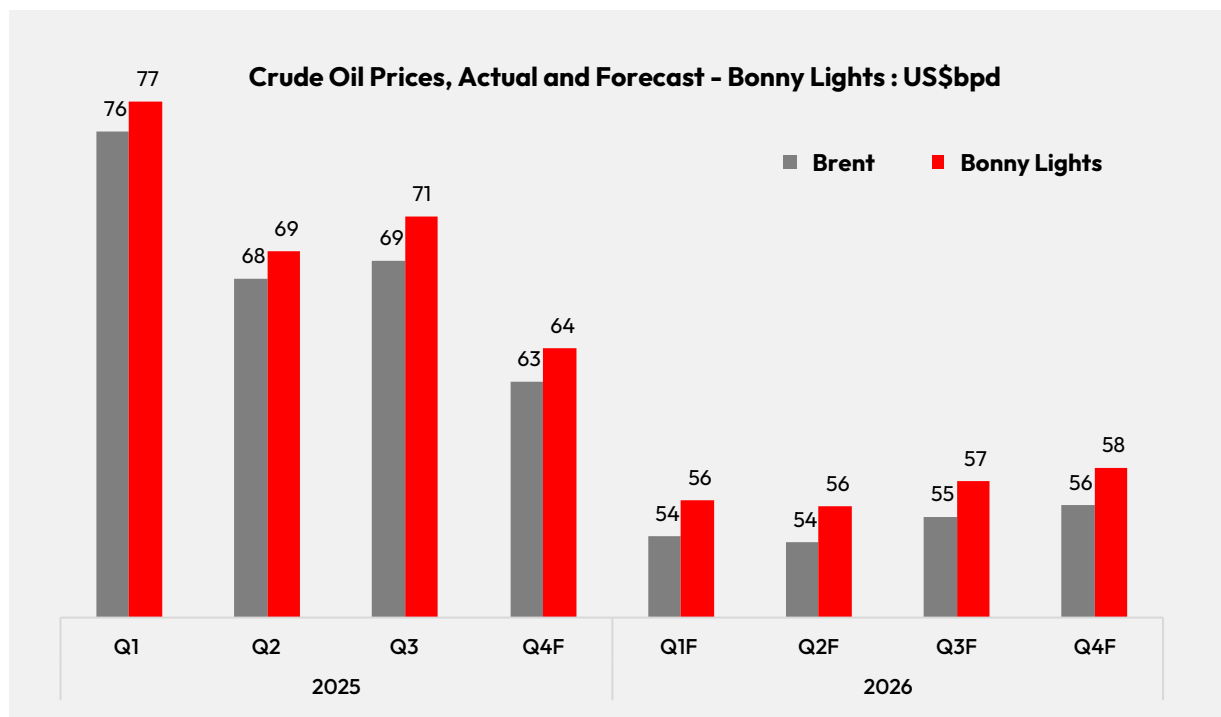
1.8 Global Commodities Update and Outlook:

1.8.2 Crude Oil Prices – Bonny Light vs Brent Crude

Brent price trended lower through 2025, moving from \$76 per barrel in Q1-2025 to around US\$60 per barrel by year-end, largely reflecting higher supply and softer global demand. Bonny Light followed the same pattern but consistently traded at a premium of about \$1–2 per barrel. That premium reflects its lighter, sweeter quality, which makes it cheaper to refine and particularly attractive to European and Asian refiners.

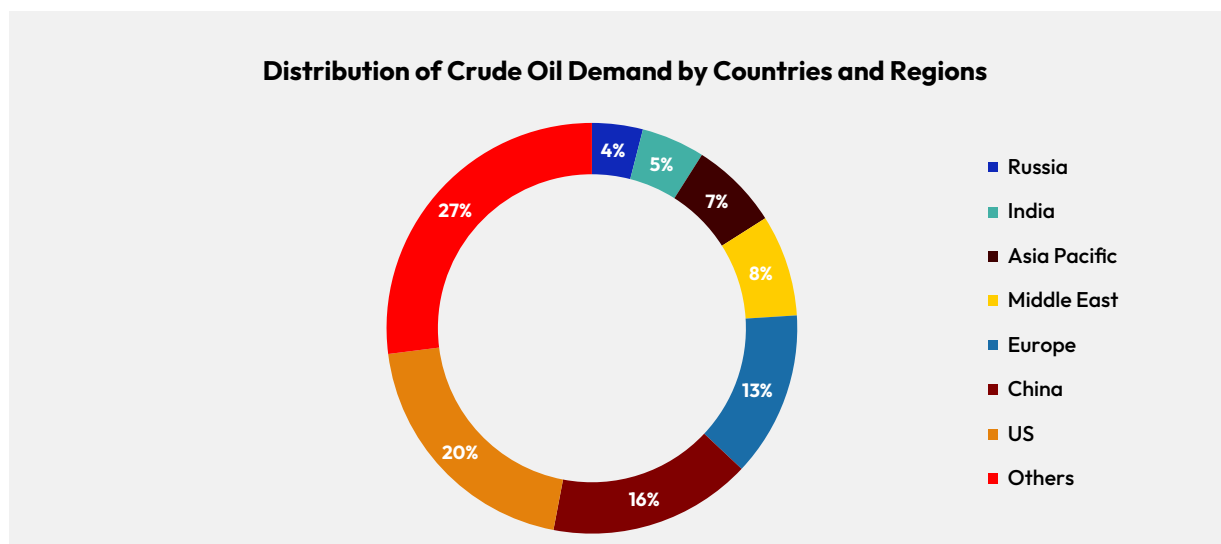
In 2026, most projections assume oil prices will remain in the US\$54+/-b region as shown on the chart below. Brent is expected to hover in the mid-\$50s, lower than 2025 price range due to the slow demand from China. Bonny Light should maintain its quality-driven premium, supported by steady demand for lighter grades.

The anticipated decline in crude oil prices in 2026 compared to 2025 could negatively affect revenues and currencies in oil-exporting countries. However, Nigeria's improved crude production, reduced oil theft, and expanding refining capacity may help cushion the impact of lower prices. Lending against crude oil production should also maintain some conservative estimate on crude oil price to avoid unhedged credit exposure.



1.8.3 Distribution of Global Oil Demand

Global demand remains concentrated in a few major economies: the U.S. accounts for about 20%, followed by China at 16% and Europe at 13%. Asia-Pacific contributes roughly 7%, India 5%, while the Middle East and Russia represent 8% and 4% respectively. The remaining 27% is spread across other emerging and developing regions. This structure highlights that demand is still anchored by the U.S., China, and Europe, even as Asia's share gradually rises. Consequently, developments in countries with high crude oil demand will significantly influence global oil prices.



1.8.4 Other Commodities

Price Movement in Key Commodities in 2025 and 2026 Price Forecast (US\$)					
Commodity	Unit Price	Price	YTD	2026*	Drivers
Oil Crude - Bonny Light	US\$/bbl	63.42	(15.98%)	56.75	Weak demand particularly from China and US
Oil Crude - Brent	US\$/bbl	60.85	(18.48%)	54.75	
Gold	US\$/toz	4,386.30	67.54%	4,650	ETF demand, low interest rate
CNG	US\$/MMBtu	3.686	1.46%	4.30	Rising export demand
Coffee	US\$/lb	3.490	9.06%	3.65	Strong global demand
Copper	US\$/lb	5.682	41.12%	5.7408	Strong demand from grids, power infrastructure, AI investments
Cocoa	US\$/MT	6,065.00	(47.47%)	6,000	Industrial demand weakness and supply normalisation
CNG - Compressed Natural Gas. EFT - Exchange Traded Fund *Forecast					

1.9 Currency Performance

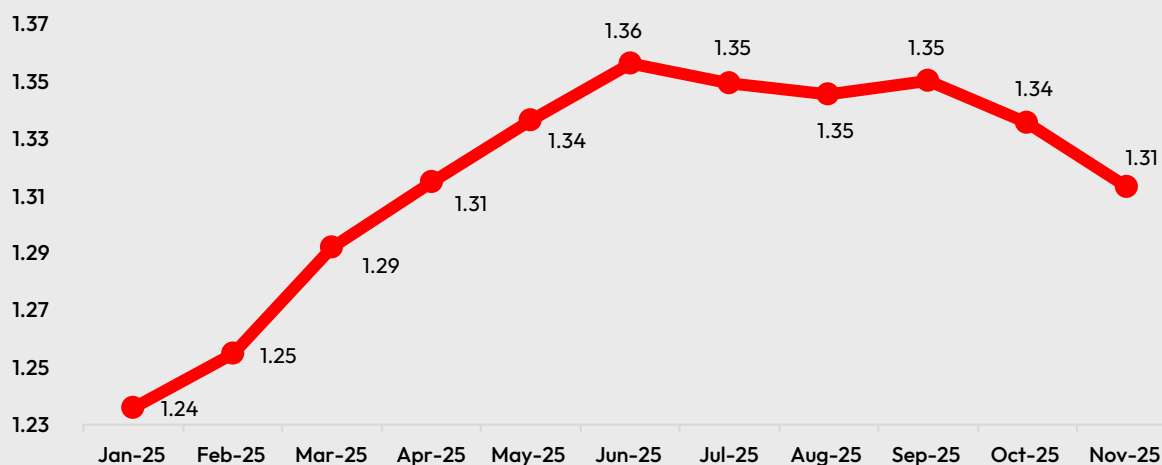
Currency movements in 2025 were shaped largely by shifting interest-rate expectations, relative growth performance across regions, and geopolitical risk sentiment. The US Dollar depreciated against major currencies as markets priced in a slower US economy and the prospect of gradual policy easing from the Federal Reserve. The Euro strengthened meaningfully, supported by a less aggressive rate-cut trajectory relative to the US. The Pound also gained against the Dollar, though more moderately, helped by real wage growth. The Japanese Yen remained broadly stable despite persistent policy divergence, reflecting periodic bouts of safe-haven demand and expectations that the BoJ will continue normalising policy at a measured pace.

The value of the Naira appreciated modestly at the official window year-to-date after a sharp depreciation in 2024. Improved FX liquidity on account of improvements in trade and capital inflows, improving confidence in Nigerian economy, declining inflation all eased pressure on the Naira. Overall, the currency landscape in 2025 reflects a rotation away from the strong-dollar theme of recent years, while emerging market currencies continue to be driven by local policy credibility and external financing conditions. A country like Nigeria, with a strong currency outlook, is well-positioned to attract significant global investment capital in 2026.

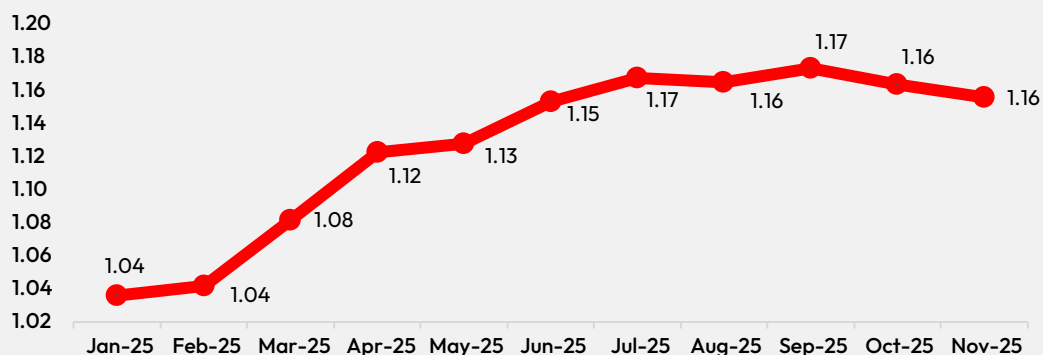
Movements in Key Currencies – 2024 and 2025 YTD						
Currency Pairs	2025 YTD			2024		
	31-Dec-24	28-Nov-25	YTD	31-Dec-23	31-Dec-24	YTD
Euro/US\$	1.0353	1.1596	-12.01%	1.1036	1.0353	6.60%
US\$ /JPY	157.18	156.18	0.64%	141.06	157.18	-10.26%
GBP/US\$	1.2511	1.3238	-5.81%	1.2729	1.2511	1.74%
US\$ /NGR	1,535.82	1,447.34	5.76%	899.89	1,535.82	-41.41%

2026 Forecast of Key Currency Pairs			
Currency Pair	Current	2026 Range	Key Drivers of the Forecast Rates
Euro/US\$	1.1571	1.17 – 1.29	U.S Dollar weakening, diminishing U.S. real yields, cautious Fed easing in the face of European growth stabilisation and safe-haven euro demand.
US\$/JPY	156.06	135.61 – 149.89	Bank of Japan's gradual tightening cycle, including rate hikes in the face of easing policy in the US, strengthening the Yen against the Dollar.
GBP/US\$	1.3167	1.35 – 1.49	Weakening U.S. Dollar, anticipated UK interest rate cuts or stability, fiscal policy improvements, and UK growth resilience.
US\$/NGR	1,442.92	1,321.23 – 1,423	Growing investors' confidence due to fiscal and monetary policy reforms, robust external reserves, declining imports in the face of increasing exports, increasing crude oil production and attractive yields on the fixed income securities relative to major advanced markets. Major negative impact is the anticipated drop in crude oil price. But with increasing refining capacity and drop in production loss, the impact of the crude oil price decline on the FX rate should be muted

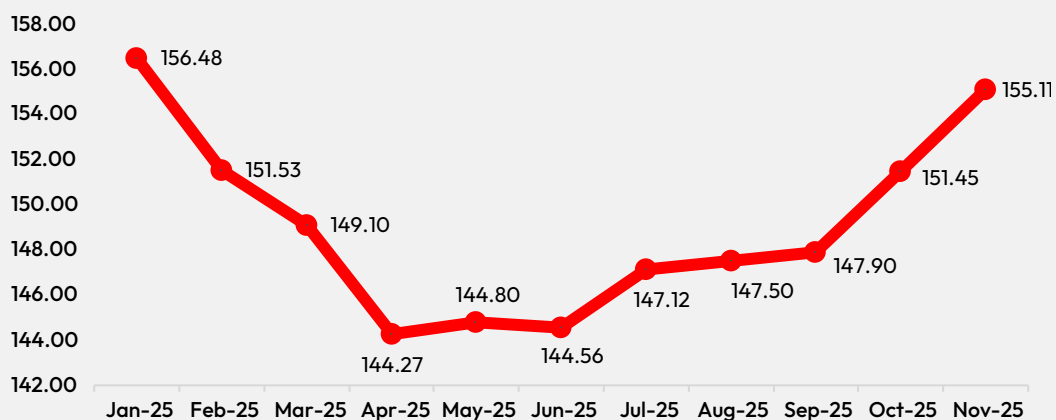
Exchange Rate – GBP/US\$: Monthly Average



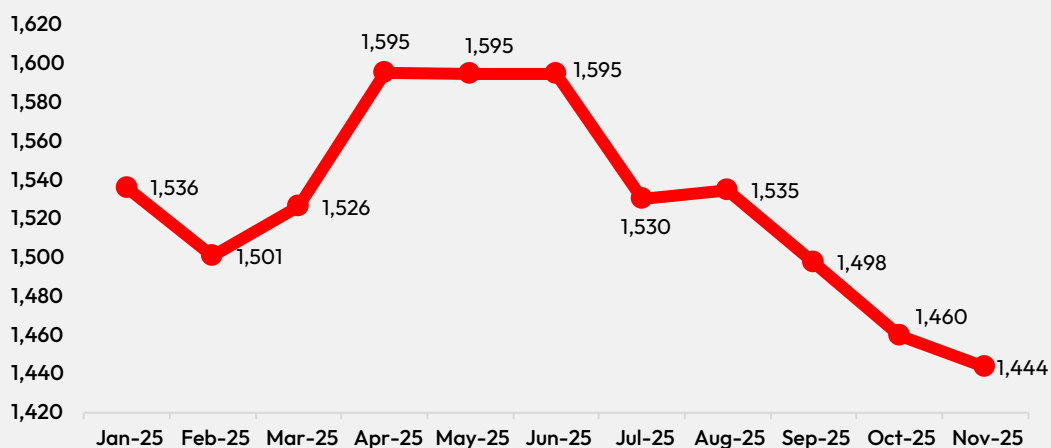
Exchange Rate – EURO/US\$: Monthly Average



Exchange Rate – US\$/YEN – Monthly Average



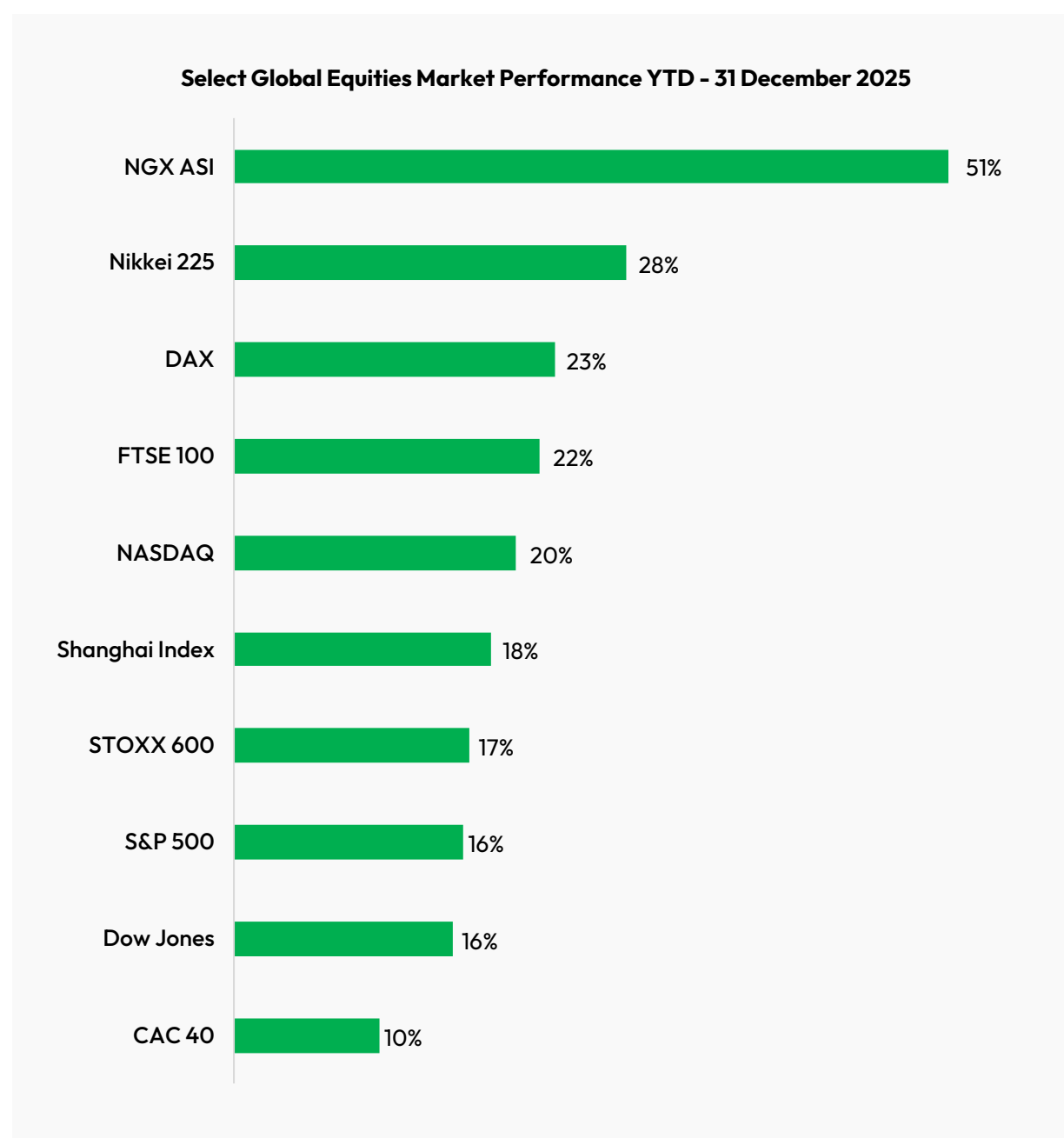
Exchange Rate – US\$/N : Monthly Average



1.10. Global Financial Market

1.10.1 Global Equities Market

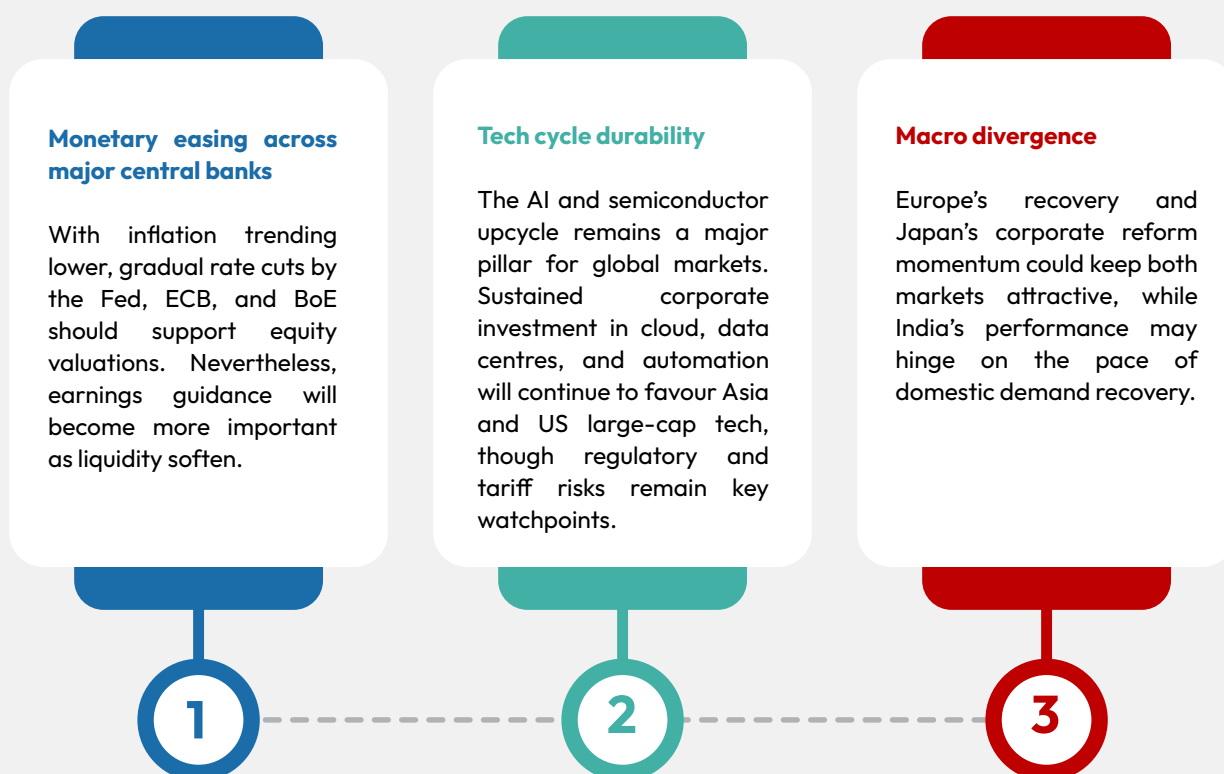
Global equities delivered strong performance in the year 2025. The Nigerian equity market, measured by the NGX ASI led the select market we tracked with a YTD gain of 51% as of 31 December 2025. If the return is adjusted for the gain recorded in the value of Naira, the return in the NGX ASI is over 55%. There are expectations that the global equities market will record additional gains in 2026. This will be supported by ongoing huge investment in Artificial Intelligence (AI), Tech-enabled businesses, power sector and infrastructure sectors. The current low-interest rate and expected stable foreign exchange environment will also stimulate economic activity in the manufacturing and real estate sectors in 2026



Performance of Selected Indices in 2025 – Data as at 31 December 2025			
S/N	Stock Indices	Countries	Year Till Date (YTD)
1	NGX ASI	Nigeria	51 %
2	Nikkei 225	Japan	28%
3	DAX	Germany	23%
4	FTSE 100	United Kingdom	22%
5	NASDAQ	United States	20%
6	Shanghai Index	China	18%
7	STOXX 600	European	17%
8	Dow Jones	United States	16%
9	S&P 500	United States	16%
10	CAC 40	France	10%

The Nigerian Equity Market (NGX-ASI) delivered the highest return among the markets we tracked in 2025. This performance was driven by a stable macroeconomic environment, improving investor confidence, government-led reform agenda, and strong corporate earnings.

Looking ahead, global equity performance in 2026 will depend on three broad drivers:

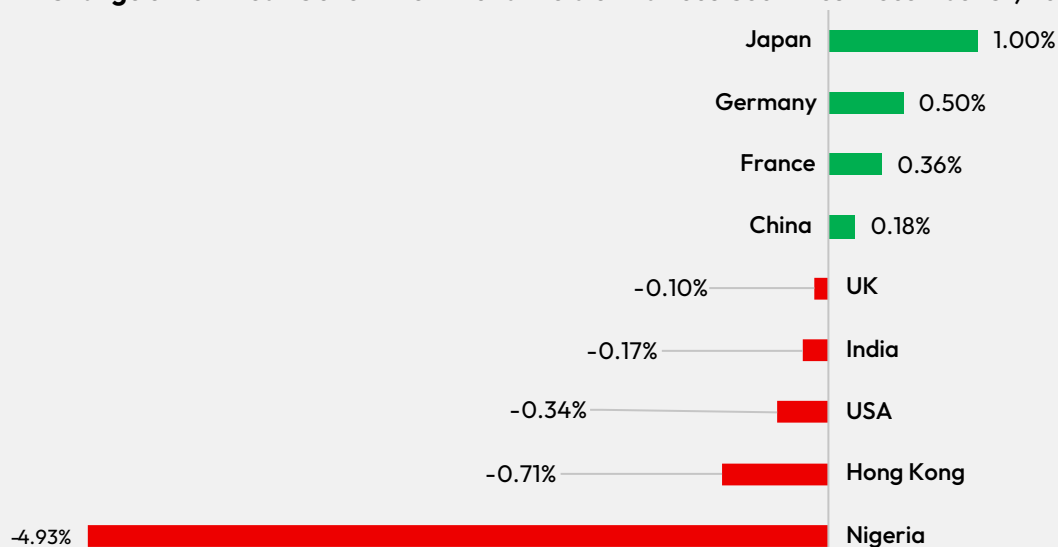


1.10.2 Global Fixed Income Market

Global fixed-income markets rallied in 2025 as disinflation progressed and major central banks lowered interest rates. Sovereign yields declined across most advanced markets with US 10-year yields falling more than 0.39% YTD while the UK saw smaller but steady declines. Nigerian yields fell sharply by 4.94% as inflation dropped and market liquidity improved. Despite the steepest drop in yields in Nigeria, the 10-year Government Bond remains most attractive at over 16%. This yield is attractive given the tax advantage in the bond.

Looking ahead, the combination of slowing global growth, easing inflation, and cautious rate cuts across major central banks should anchor yields at lower levels in advanced countries in 2026. Investment capital may likely continue to flow into Nigeria if the exchange rate remains stable.

YTD Change of 10 - Year Government Bond Yield of Various Countries December 31, 2025



10-Year Government Bond Yield Performance – December 31, 2025

Government Bonds	31/12/2024	31/12/2025	YTD Change
Japan	1.08%	2.08%	1.00%
Germany	2.36%	2.86%	0.50%
France	3.20%	3.56%	0.36%
China	1.68%	1.86%	0.18%
UK	4.57%	4.47%	-0.10%
India	6.76%	6.59%	-0.17%
USA	4.52%	4.18%	-0.34%
Hong Kong	3.81%	3.10%	-0.71%
Nigeria	21.74%	16.81%	-4.93%

Risk to Global Economic Outlook in 2026 and Mitigating Factors		
Risk Factors	Economic and Business Impacts	Mitigating Factors
Geopolitical & Trade Wars	Disrupted global trade flows, higher input costs and inflation, reduced investor confidence, slower capital inflows and growth. Energy price volatility, fiscal stress for import-dependent economies	Invest in quality assts and avoid sovereigns and corporates Play short in the quality government securities to remain liquid Hedge credit position
Supply Chain Disruptions	Production delays, lower industrial output and GDP. Margin compression for businesses	Invest in companies that sources inputs locally
Debt Burden- High sovereign & corporate bonds	High debt servicing costs and limited fiscal space. Increased risk of defaults	Implement Strick risk management framework with timeline investible assets. Play short in the market
Financial & Monetary	Tight credit conditions leading to high cost of funds. Asset price corrections leading to wealth contraction and inflation pressures	Conduct stress test on counterparties. Stay with investment that are not very sensitive to interest rate movement. Engage FX hedging mechanism

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2.0

Sub-Saharan Africa Economy

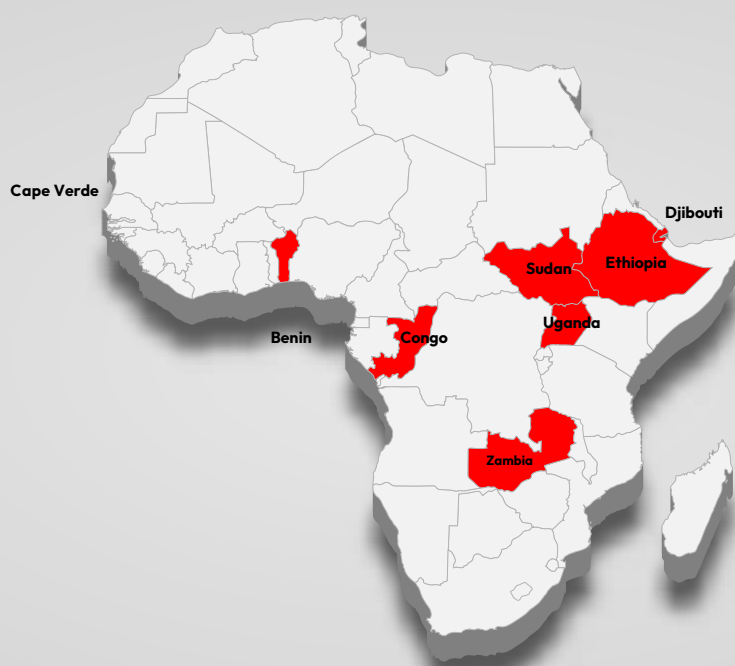


2.0

Sub-Saharan Africa Economy

Sub-Saharan Africa (SSA) Countries Where Elections Will Hold in 2026

Country	Election	Date
Benin	Parliamentary Election	January 2026
Benin	Presidential Election	April 2026
Uganda	General election (Presidential and Parliamentary)	January 2026
Republic of Congo	Presidential election	March 2026
Ethiopia	General elections	June 2026
Zambia	General election (Presidential and Legislature)	August 2026
Cape Verde	Parliamentary election	April 2026
Cape Verde	Presidential election	October 2026
Djibouti	Presidential election	April 2026

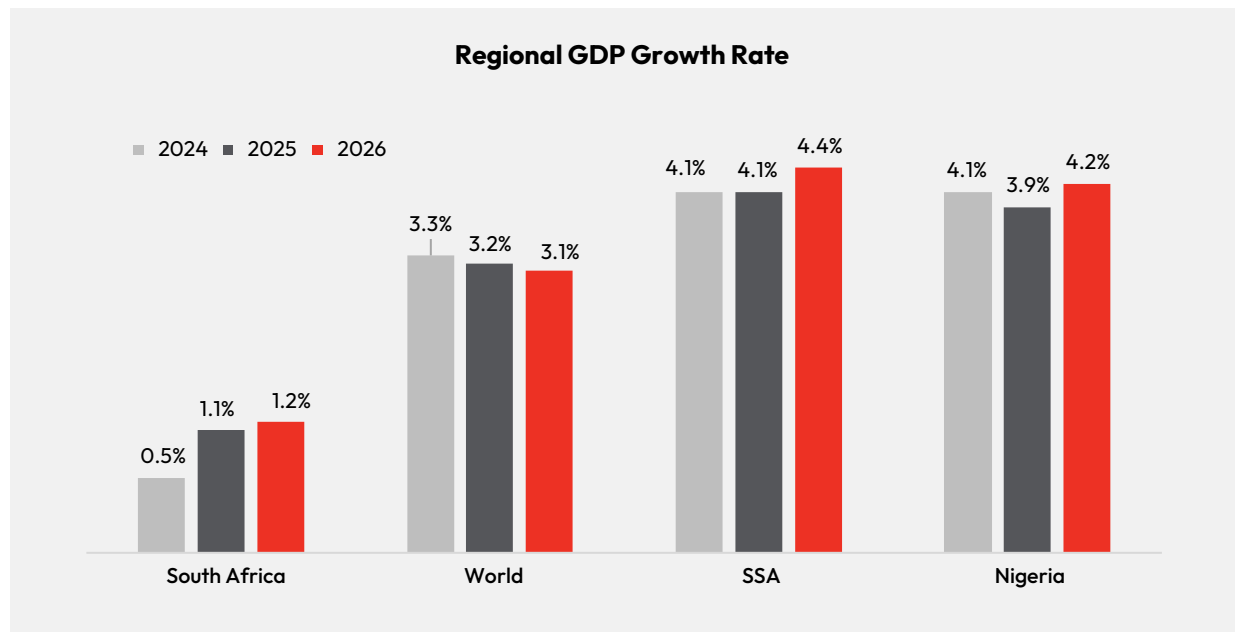


Some investor categories tend to reallocate capital away from countries approaching elections until results are confirmed. While we do not anticipate any disruption to law and order, elections remain a significant factor in investment decisions.

2.1 Regional GDP Growth Rate

The large and expanding size of the Sub-Saharan African economy continues to enhance its attractiveness as a destination for business and investment. This is supported by growth that consistently outpaces the global average. According to IMF, the region is expected to grow from 4.1% in 2024–2025 to 4.4% in 2026, compared with the global growth rate of 3.1% in 2026. This is expected to drive investment in the region particularly in the large and growing economies within the region.

According to the World Bank, SSA is well positioned to absorb the impact of higher US tariffs. This reflects the region's relatively low direct trade exposure to the US and the ongoing reorientation of trade toward alternative markets. As trade patterns evolve, regional economic blocs are expected to play a more prominent role in supporting intra-African trade and market access. This environment should boost domestic savings and investment, deepen capital market activity, and drive increased demand for investment banking and asset management services.



2.2 Top Economies in Sub-Saharan Africa (SSA)

Sub-Saharan Africa combines economic scale with increasingly differentiated growth dynamics. South Africa remains the region's largest economy at around US\$400 billion, but growth is modest, highlighting a clear gap between size and growth. Nigeria, the second-largest economy at roughly US\$188 billion, continues to anchor regional growth with expansion above 3%–4% despite elevated but easing inflation. In contrast, East African economies including Ethiopia, Kenya, Tanzania and Uganda lead the growth rankings, consistently recording growth in the 5–8% range through 2026. Fast expansion among several mid-sized and frontier markets points to a shift in regional momentum. In addition, easing inflation across key economies is strengthening macro stability and improving the investment environment.

Top Economies by GDP in Sub-Saharan Africa (SSA)								
Rank	Countries	GDP US\$ Billion	GDP Growth Rate*			Inflation Rate**		
			2024	2025	2026	2024	2025	2026
1	South Africa	400.26	0.50%	1.10%	1.20%	4.40%	3.40%	3.70%
2	Nigeria	187.76	4.10%	3.90%	4.20%	31.40%	23.00%	22.00%
3	Ethiopia	163.7	8.10%	7.20%	7.10%	21.00%	13.00%	9.40%
4	Kenya	124.5	4.70%	4.80%	4.90%	4.50%	4.00%	5.20%
5	Côte d'Ivoire	86.54	6.00%	6.40%	6.40%	3.40%	1.00%	1.50%
6	Ghana	82.83	5.70%	4.00%	4.80%	22.90%	16.60%	9.90%
7	Angola	80.4	4.40%	2.10%	2.10%	28.20%	21.60%	16.30%
8	Tanzania	78.78	5.50%	6.00%	6.30%	3.10%	3.30%	3.50%
9	Congo, Dem. Rep.	70.75	6.50%	5.30%	5.30%	17.70%	8.80%	7.10%
10	Uganda	53.65	6.30%	6.40%	7.60%	3.30%	3.80%	4.30%
11	Cameroon	51.33	3.50%	3.80%	4.10%	4.50%	3.70%	3.30%
12	Senegal	32.27	6.40%	6.00%	3.00%	0.80%	2.00%	2.00%
13	Mali	26.59	4.70%	5.00%	5.40%	3.20%	3.50%	2.00%
14	Zambia	26.33	4.00%	5.80%	6.40%	15.00%	14.20%	9.20%
15	Guinea	25.33	6.10%	7.20%	10.50%	4.70%	3.10%	3.00%
16	Burkina Faso	23.25	4.80%	4.00%	4.80%	4.20%	1.30%	2.40%
17	Mozambique	22.42	2.10%	2.50%	3.50%	3.20%	4.90%	5.40%
18	Gabon	20.87	3.40%	1.90%	2.60%	1.20%	1.40%	2.50%
19	Chad	20.63	3.50%	3.30%	3.60%	5.10%	4.00%	3.60%
20	Congo- Brazzaville	15.72	2.10%	2.70%	2.80%	3.10%	3.60%	3.20%
21	Sierra Leone	7.55	4.40%	4.40%	4.90%	28.40%	9.40%	10.50%
22	Liberia	4.75	4.00%	4.60%	5.40%	8.20%	9.80%	7.70%
*Real GDP Growth at Constant Market Prices **Consumer Price Index (annual change)								
Sources: IMF, World Bank, United Capital Research								

2.3 Financial Action Task Force (FATF) Move Boosts Investor Trust in SSA Countries

The Financial Action Task Force (FATF) removed South Africa, Nigeria, Mozambique, and Burkina Faso from its grey list, a significant recognition of their efforts to combat money laundering and terrorist financing. This development is expected to boost investor confidence, signaling that these countries are taking concrete steps to strengthen financial governance and transparency. By bolstering credibility, it encourages greater foreign participation and positions these nations more favourably in global capital markets.

The FATF closely monitors how countries implement laws and systems to prevent illicit financial activities, assigning statuses that reflect a nation's compliance level and the associated financial risk. Removal from the grey list not only reduces perceived financial risk and lowers transaction costs but also attracts investment. It also strengthens the regulatory environment and enhances the countries' overall standing in the global financial system. For Nigeria and other SSA countries, this is a step toward more sustainable economic growth and deeper integration into international finance.

Financial Action Task Force (FATF): Status Updates Pre and Post October 2025				
	Nigeria	South Africa	Mozambique	Burkina Faso
FATF Status Pre-October 2025	Has been on Grey List since 2022	Has been on Grey List since 2023	On Grey List (since 2022)	On Grey List (since 2021)
FATF Status Post-October 2025	Was removed in October 2025	Was removed in October 2025	Was removed in October 2025	Was removed in October 2025
Key Reform Actions	Strengthened anti-money laundry enforcement; improved banking transparency	Enhanced financial oversight; improved compliance systems	Expanded anti-money laundering framework	Strengthened cross-border financial controls
Expected Market Impact	Boost in foreign capital inflows, stronger FX reserves	Improved investor sentiment, lower risk premium	Restored donor and investor confidence	Encourages greater regional financial integration

2.4 Outlook

Sub-Saharan Africa is projected to experience moderate but resilient growth in 2026, with GDP growth rate more than 4.1%. Economic sentiment across the region remains broadly positive, supported by easing inflation, improving external financing conditions, and reform-driven growth momentum in several economies. Performance will be uneven, with diversified economies such as Côte d'Ivoire, Kenya, Senegal, and Ethiopia likely to outperform resource-dependent countries. Major economies like Nigeria and South Africa are expected to sustained expansion, with policy reforms, stronger governance, and macroeconomic stability supporting investment and business confidence. Policymakers may continue to balance growth stimulation with fiscal discipline, while inflation trends are expected to stay on a downward path, anchoring real income gains and policy stability.

However, risks persist, including geopolitical flashpoints in the Middle East and Eastern Europe. These developments can trigger new price pressures and market volatility, and currency weakness in high-debt economies amid fragile reserves. Climate shocks, particularly flooding in East and Southern Africa may challenge food price stability and infrastructure resilience. Overall, steady growth, improving fiscal and regulatory frameworks, and deeper integration into global markets point to a cautiously optimistic outlook for 2026.

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3.0

West African Economic and Monetary Union (WAEMU) Region



3.0

West African Economic and Monetary Union (WAEMU) Region

The West African Economic and Monetary Union (WAEMU) continues to demonstrate strong growth. In addition, it benefits from improving external stability, supported by easing inflationary pressures and effective monetary management by the regional Central Bank, known in French as Banque Centrale des États de l'Afrique de l'Ouest (BCEAO).

While fiscal and debt challenges persist across parts of the region, recent policy initiatives, particularly at the regional level, signal a renewed commitment to macroeconomic discipline and long-term sustainability. The positive macroeconomic backdrop builds on robust growth recorded in 2023 and 2024, during which most WAEMU economies expanded above 4%, driven by strong domestic demand, sustained investment, and favourable sectoral performance. Benin and Côte d'Ivoire consistently recorded growth above 6%, while Niger experienced a sharp rebound from 2.4% in 2023 to 10.3% in 2024, largely reflecting increased hydrocarbon production and investment activity.

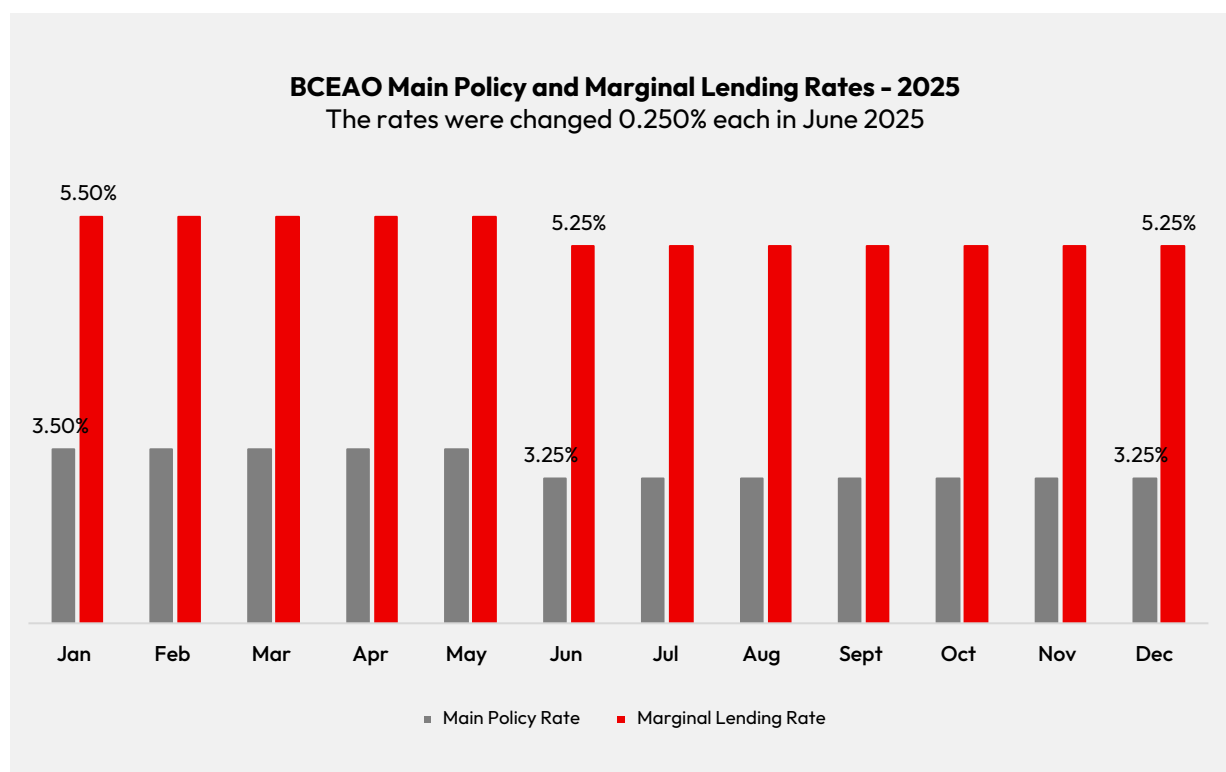
Inflation dynamics also improved markedly over 2024–2025, reinforcing the region's macroeconomic stability. Headline inflation moderated significantly, reflecting easing food price pressures, tight monetary policy, and improved supply conditions. Benin, Côte d'Ivoire, Guinea-Bissau, and Senegal maintained low and stable inflation within the WAEMU target range, while inflation in Niger declined sharply from elevated levels in 2024 as hydrocarbon revenues and improved supply conditions helped ease price pressures.

3.1 WAEMU Interest Rate Developments

In 2025, monetary policy in the WAEMU region reflected a cautious shift toward accommodation as inflationary pressures eased and external conditions improved. The Banque Centrale des États de l'Afrique de l'Ouest (BCEAO) maintained a tight stance for much of the year before cutting its main policy rate, marking its first easing move since 2023 and signaling growing confidence in the disinflation trend and reserve recovery.

At the same time, the marginal lending rate was reduced from 5.50% to 5.25%, maintaining its role as the upper bound of the policy corridor and a key anchor for short-term money market conditions. The main policy rate continues to serve as BCEAO's primary monetary policy signal, shaping refinancing conditions, interbank rates, and broader financial dynamics across the WAEMU region. Overall, the 2025 rate adjustment highlights the BCEAO's delicate balancing act between stimulating economic activity and safeguarding price stability and external equilibrium.

With the right framework in place, we see significant carry trade opportunities within the WAEMU region. The prevailing low-interest-rate environment also creates room to mobilise long-term capital within the region to finance critical infrastructure development. Furthermore, this opens avenues for asset managers to design retail investment products—such as Collective Investment Schemes (CIS)—around these financing structures, ultimately benefiting retail investors across the region.



3.2 IMF's View of the Region's Economic Progress in 2024 and Short-Term Outlook

During the year, the International Monetary Fund (IMF) released a regional economic outlook for the WAEMU region. The IMF, in its May 2025 Staff Report on the region and its October 2025 Regional Economic Outlook, noted some strong positive points for the region:

1. Strong economic growth continues in the WAEMU region, supported by resilient domestic demand, sustained investment, and solid performance in key sectors, allowing the bloc to outperform the Sub-Saharan African average despite uneven country-level outcomes.
2. Inflation has also fallen back within its target range since November 2024, due to easing regional food price inflation and appropriately tight monetary policy.
3. Recent improvements in regional external imbalances are supporting a strong recovery in reserves.
4. The region plans a Convergence Pact to maintain fiscal deficit and public debt ceilings of 3% and 70% GDP respectively.
5. The plan would signal a stronger commitment to debt sustainability and help guide sound fiscal policies.
6. Reserves rebounded in late 2024 and early 2025 and are back above minimum adequate levels due mainly to windfall revenues from the annual cocoa harvest, high commodity prices, several IMF disbursements, and exports of new hydrocarbon resources in Niger and Senegal.
7. The banking system remains resilient, although it maintains large exposures to regional sovereigns.

3.3 Areas of Adjustment Noted by the IMF Include:

1. Public debt ratios have increased significantly in recent years due to large fiscal deficits
2. Higher debt issuances are leading to heavier reliance on financing on the regional market, which has limited absorptive capacity and relatively high costs, and could pose a risk to external reserves.

3.4 IMF's Recommendations

1. WAEMU's institutions should also continue to promote regional integration.
2. Fiscal adjustments should be driven by revenue mobilisation to protect priority spending.
3. IMF welcomed BCEAO's tight monetary stance which helped bring inflation back to the target range and support reserves.
4. IMF welcomed the resilience of the financial system but noted that the sovereign bank nexus continues to pose risks to financial stability.

3.5 Outlook

Looking ahead to 2026, the WAEMU region is expected to maintain a favourable growth trajectory. GDP growth rate for the region is projected to be 5.9% for 2025 full year and 5.6% for 2026. Inflation for the region is projected to remain contained, assuming sustained monetary discipline and relative stability in global commodity prices, which should help preserve purchasing power and support domestic demand ending the year at 1.9% while 2.1% for 2026.

Key Macro Economic Variables in WAEMU Region											
S/N	Countries	Population	GDP 2024 (US\$'Bn)	GDP Per Capital (US\$)	Debt (US\$' Bn)	Debt/GDP	Deficit/GDP	Inflation Rate	2026 Inflation Forecast	Policy Rate	Real Rate
1	Benin	14,111,000	21.49	1,482	11.48	53.44%	-3.06%	1.10%	2.00%	5.25%	1.25%
2	Burkina Faso	23,026,000	23.13	982	13.24	57.25%	-5.84%	-2.00%	2.40%	5.25%	0.85%
3	Côte d'Ivoire	31,165,654	86.54	2,777	51.61	59.25%	-3.97%	0.00%	1.50%	5.25%	1.75%
4	Guinea-Bissau	2,153,339	2.12	984	1.8	82.21%	-7.26%	-1.50%	2.00%	5.25%	1.25%
5	Mali	23,769,000	26.59	1,119	10.99	51.88%	-3.57%	-4.70%	2.00%	5.25%	1.25%
6	Niger	27,066,000	19.538	722	9.38	47.22%	-4.27%	-7.30%	3.20%	5.25%	0.05%
7	Senegal	18,661,000	32.82	1,759	42.15	128.43%	-13.42%	2.90%	2.02%	5.25%	1.23%
8	Togo	9,548,000	9.78	1,052	7.05	72.09%	-7.43%	0.20%	4.51%	5.25%	-1.26%
Total		149,499,993	221.99	1,485	147.69	66.54%					
Sources: IMF, United Capital Research and others											

The region's favourable growth trajectory will be supported by macroeconomic stability, continued investment, and improving external buffers. Nonetheless, downside risks remain elevated. High public debt levels continued reliance on regional market financing, and exposure to external shocks, particularly commodity price volatility and tighter global financial conditions could weigh on the outlook. Against this backdrop, the IMF emphasises the need for fiscal adjustments driven primarily by enhanced domestic revenue mobilisation, to safeguard priority spending and social investment.

Policy priorities for 2026 include strengthening regional integration, maintaining a prudent monetary stance, and addressing financial sector risks associated with the sovereign-bank nexus. The IMF has welcomed BCEAO's tight monetary policy, which played a key role in anchoring inflation and supporting reserve accumulation, while also acknowledging the overall resilience of the financial system. Sustained reform momentum and policy coordination will be critical to reinforcing confidence and ensuring durable growth across the WAEMU region. By the end of 2025, growth is expected to moderate slightly but remain strong overall. Côte d'Ivoire and Benin are projected to maintain expansion above 6%, while Niger moderates to 6.7% and Senegal slows to around 3% in 2026, reflecting external and structural challenges.

Looking to 2026, most WAEMU members are expected to sustain growth within the 5–6% range, highlighting the region's resilience despite heterogeneous country-level performance and short-term fluctuations. Countries like Burkina Faso and Senegal, however, are projected to grow by 4.76% and 2.99% respectively by 2026.

GDP Growth Rate in WAEMU Region						
	Countries	Actual		Forecast		
		2023	2024	2025	2026	2027
1	Benin	6.35%	7.45%	7.04%	6.72%	6.59%
2	Burkina Faso	3.00%	4.80%	3.99%	4.76%	4.70%
3	Côte d'Ivoire	6.45%	6.00%	6.40%	6.40%	6.50%
4	Guinea-Bissau	5.20%	4.80%	5.10%	5.00%	5.00%
5	Mali	4.66%	4.70%	5.00%	5.40%	5.20%
6	Niger	2.38%	10.30%	6.65%	6.73%	6.55%
7	Senegal	4.30%	6.40%	5.96%	2.99%	3.27%
8	Togo	5.60%	5.30%	5.20%	5.50%	5.50%

Sources: IMF, United Capital Research and others

Looking ahead, inflation is expected to remain low and stable across the region through 2026, with most countries forecast to stay near or slightly above 2%, highlighting effective regional monetary management and continued macroeconomic stability. Some variability is expected in Mali, reflecting country-specific dynamics, but overall, the WAEMU bloc is projected to sustain a low-inflation environment conducive to growth and financial stability.

Inflation Rate in WAEMU Region					
Countries	Actual		Forecast		
	2023	2024	2025	2026	2027
Benin	2.73%	1.17%	2.10%	2.00%	2.00%
Burkina Faso	0.94%	4.19%	1.30%	2.40%	2.06%
Côte d'Ivoire	4.44%	3.42%	1.00%	1.50%	2.00%
Guinea-Bissau	7.16%	3.70%	2.00%	2.00%	2.00%
Mali	2.06%	3.18%	3.50%	2.00%	2.00%
Niger	3.70%	9.07%	4.20%	3.20%	2.00%
Senegal	5.95%	0.80%	2.04%	2.02%	2.02%
Togo	5.30%	2.88%	2.43%	4.51%	0.72%

Sources: IMF, United Capital Research and others

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4.0

Domestic Economy

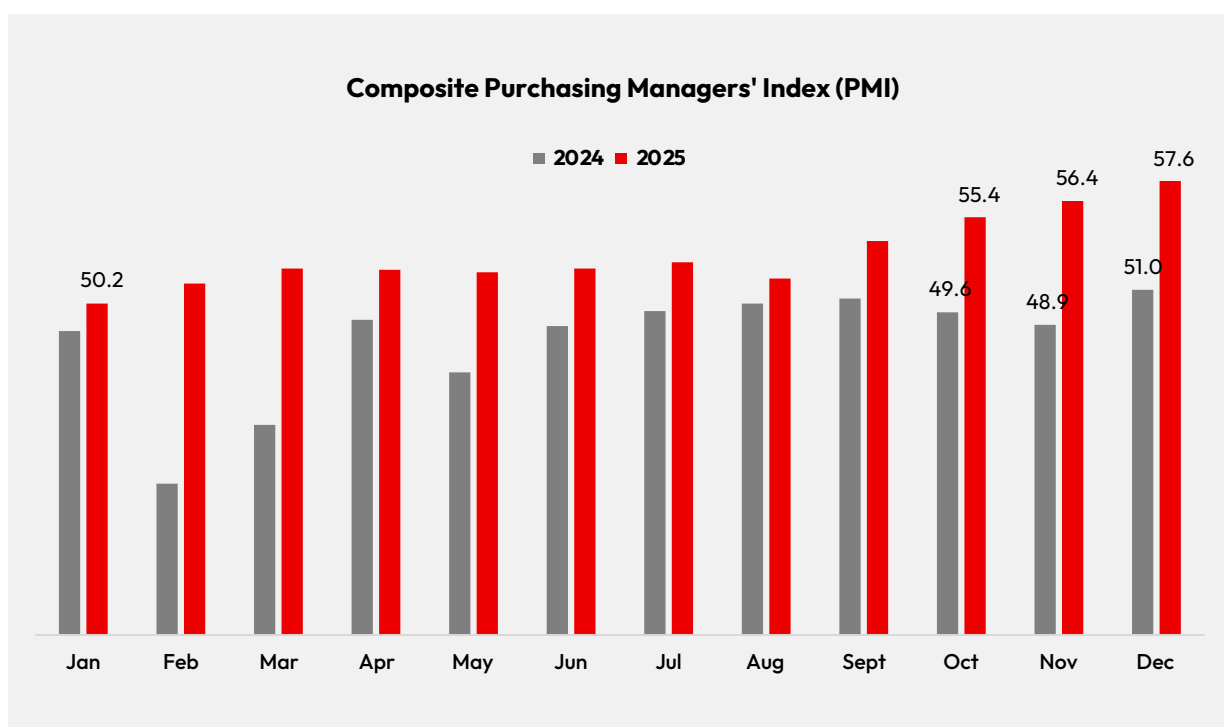


4.0

Domestic Economy

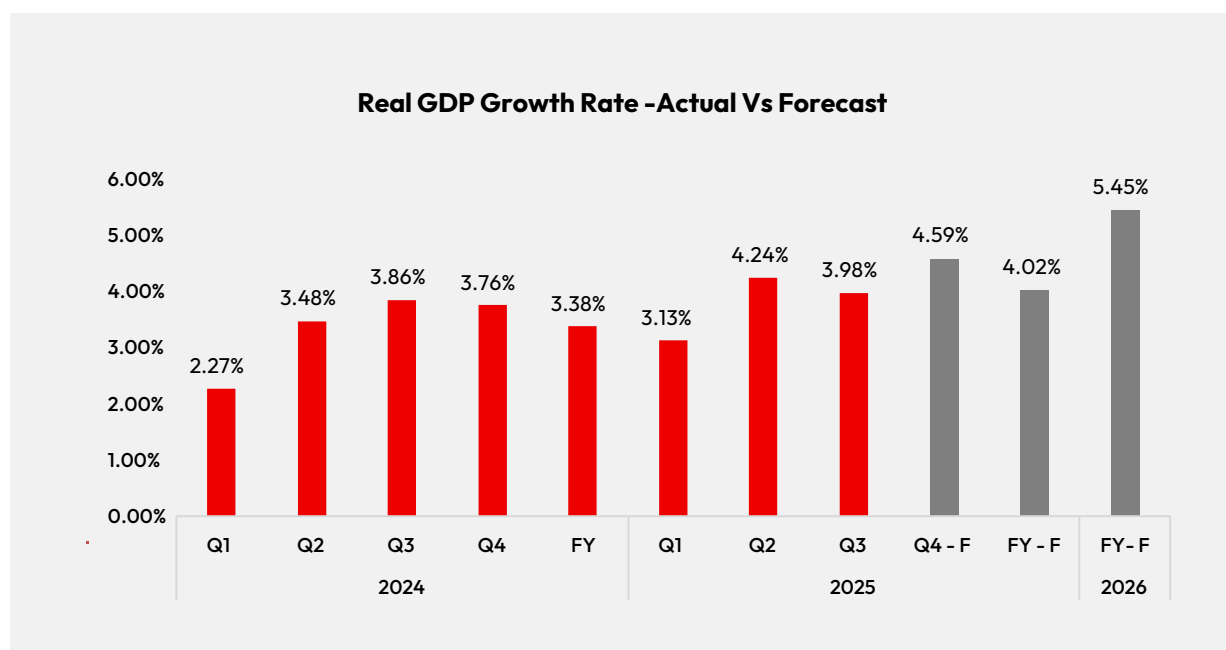
4.1 Purchasing Managers' Index Performance

Our analysis of Nigeria's Composite Purchasing Managers' Index (PMI), a key leading economic indicator, indicates that the country is firmly on a sustained growth trajectory. The PMI, which was 50.2 points in January 2025, increased to 57.6 points in December 2025. The PMI figures in Q4 2025, which averaged 56.5 points, were higher than the PMI in Q4 2024 which averaged 49.8 points. This is an indication that the Q4 2025 GDP figure would be better than that of Q4 2024 and perhaps more than all the figures released in 2025. This positive outlook is expected to boost confidence in the economy, attracting both real sector and financial investments. Additionally, it could support a decline in interest rates as economic risk premium eases.



4.2 Gross Domestic Product

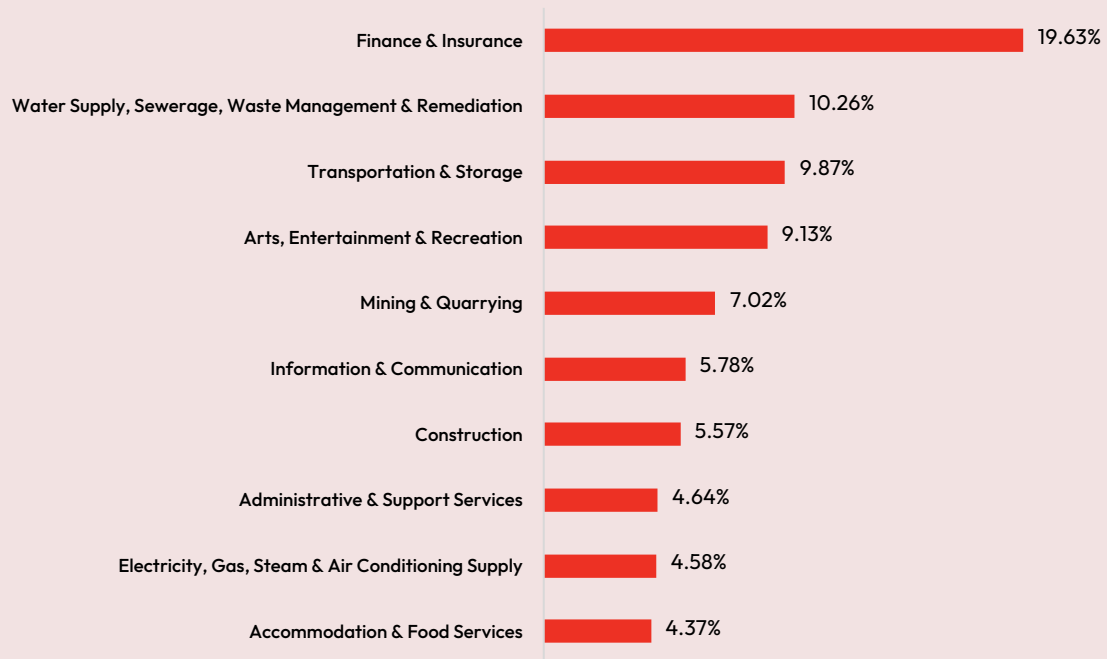
Real GDP growth strengthened notably in 2025 when compared with 2024, reflecting broad-based improvements across Industry, Services, and Agriculture. Industry rebounded on the back of stronger manufacturing output and improved supply chains, while Services surged due to robust demand in ICT, finance, and professional activities. Agriculture recorded impressive expansion, supported by good harvests and increased investment in agro-processing. GDP growth increased from 2.27% in Q1 2024 to 3.76% in Q4 2024 while it further increased from 3.13% in Q1 2025 to 3.98% as Q3 2025.



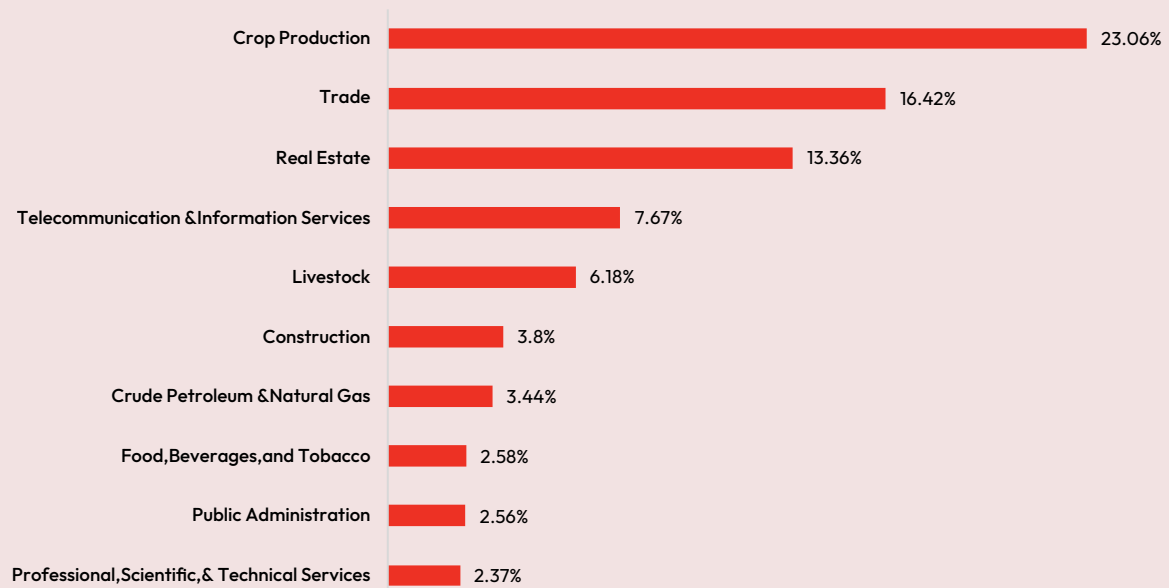
United Capital Research projects a GDP growth rate of 4.59% in Q4 2025 and 4.02% in Full Year (FY) 2025. Our forecast for 2026 is 5.45% to be driven by the following sectors:

- I. Manufacturing:** Cement Manufacturing, Food and Beverages, Pharmaceuticals & Chemicals and Oil Refining, Utilisation of new tax incentives, lower interest rate, government procurement support and policies like "Nigeria First".
- II. Real Estate, Construction and Infrastructure:** Driven by development of affordable housing and road construction and development of REIT and real estate financing schemes.
- III. Agriculture and Agribusiness:** Crop production and Livestock – Food security, export opportunities, and backward integration strategy to source raw materials locally.
- IV. Information, Communication and Technology – Digital Economy:** Expansion in mobile and broadband penetration—cloud, fintech, embedded finance. Digital inclusion efforts and rising financial services – Asset management, banking insurance and pension fund opportunities.
- V. Power and Oil and Gas, Mining, Renewables and Infrastructure:** Power generation, distribution and transmission, solar, wind, hydro, geothermal etc. Upstream and Downstream oil, gas, pipelines and solid mineral development.

10 Fastest Growing Activity Sectors by Real GDP In Q3 2025

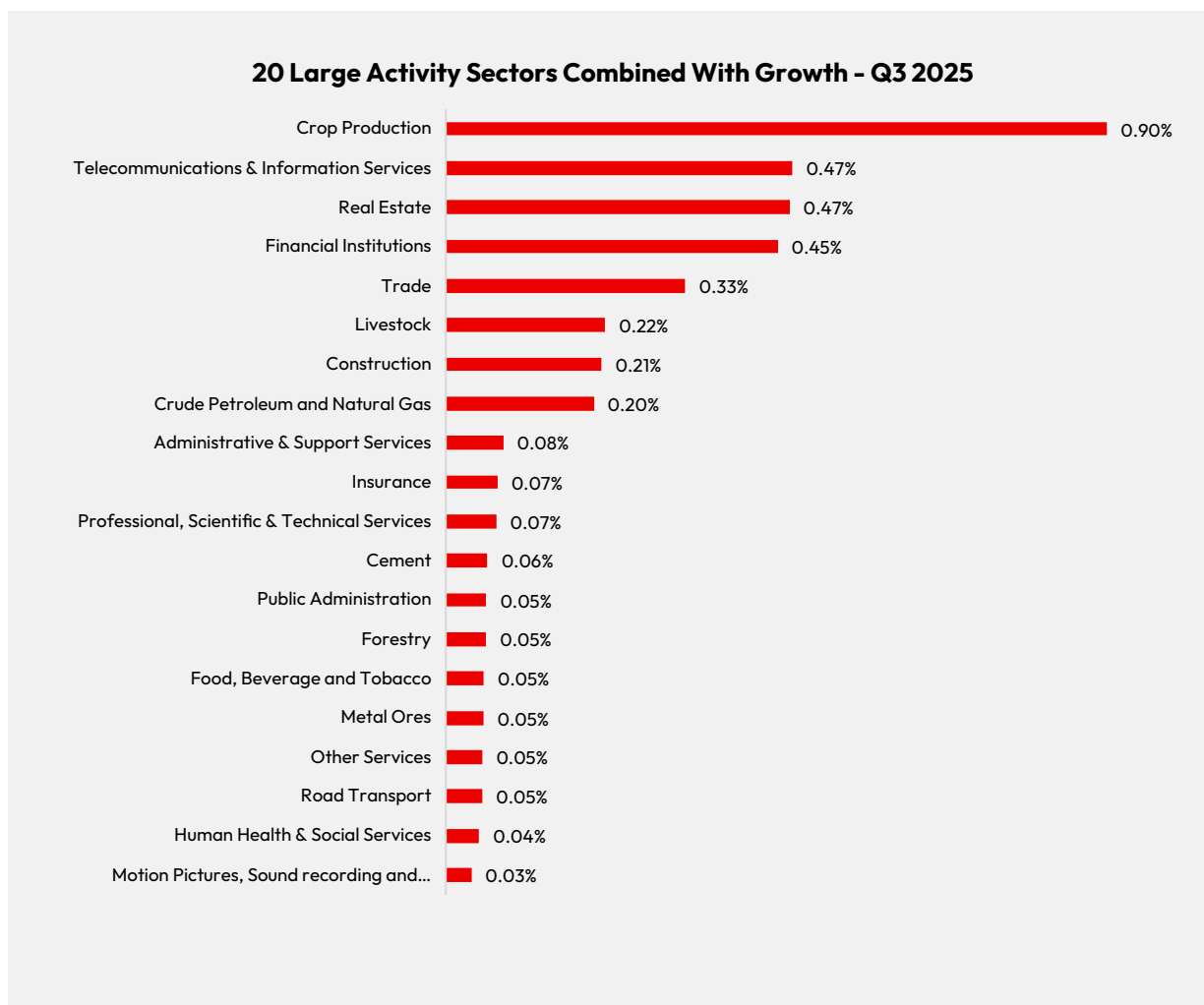


Top 10 Contributing Activities to Real GDP in Q3 2025



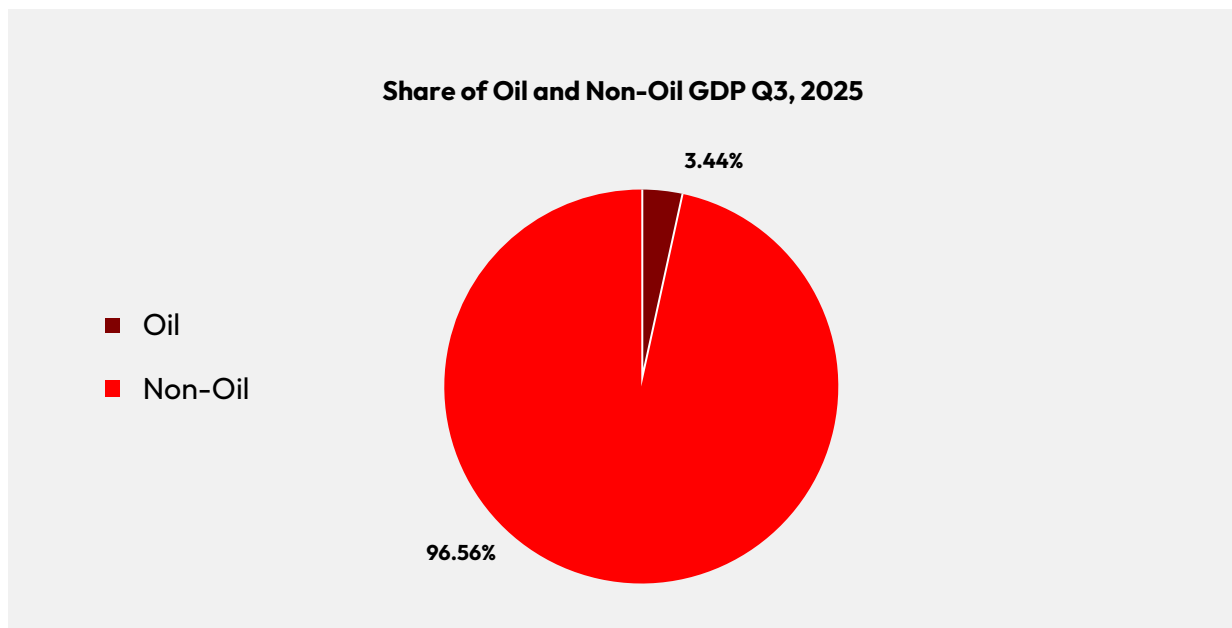
The top 10 largest activity sector of the real GDP in Q3 2025 is shown on the chart above: Crop production (23.06%), trade (16.42%), real estate (13.36%) and ICT (7.67%) were the leading sectors. Finance and Insurance was the fastest growing activity sector on the list of the top 10 fastest growing activity Sectors by GDP in Q3 2025. Serious investors usually play in large sectors with growth potential.

We analysed Nigeria's activity sectors in Q3 2025 based on their relative size and growth to identify those that are both large and expanding. Cross production topped the list, followed by Telecommunications & Information Services, Real Estate, Financial Institutions, and Trade. For policymakers, these sectors should be prioritised to drive inclusive growth. Investments in these areas are likely to yield strong returns. With appropriate credit structuring, they can attract funding from banks or alternative market sources such as Commercial Paper and private notes.



4.3 Oil vs Non-Oil GDP

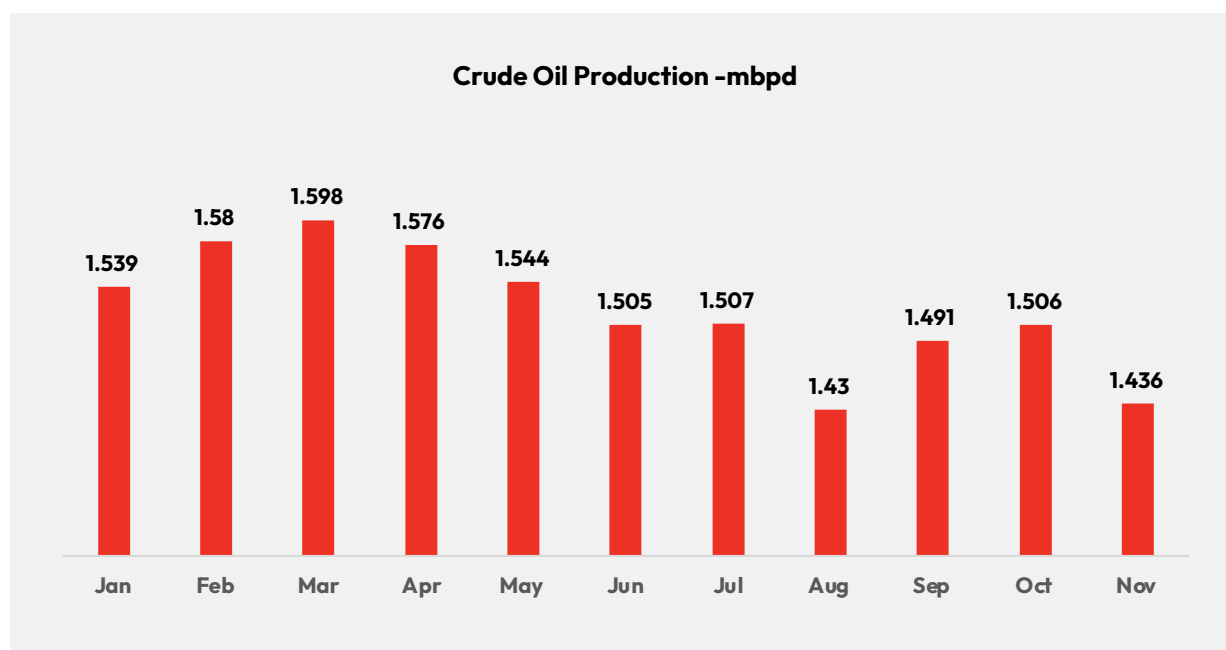
An analysis of Nigeria's economy in Q3 2025 shows that the oil sector accounted for just 3.44% of total GDP, while the non-oil sector contributed 96.56%. Although output is highly diversified, the economy remains heavily reliant on oil and gas for government revenue and foreign exchange inflows. The ongoing tax reforms may bring segments of the informal sector into the formal economy, enabling them to contribute to the government's tax pool. This transition is expected to spur job creation, boost household consumption, and increase Value Added Tax (VAT) collections.



Source: NBS, United Capital Research

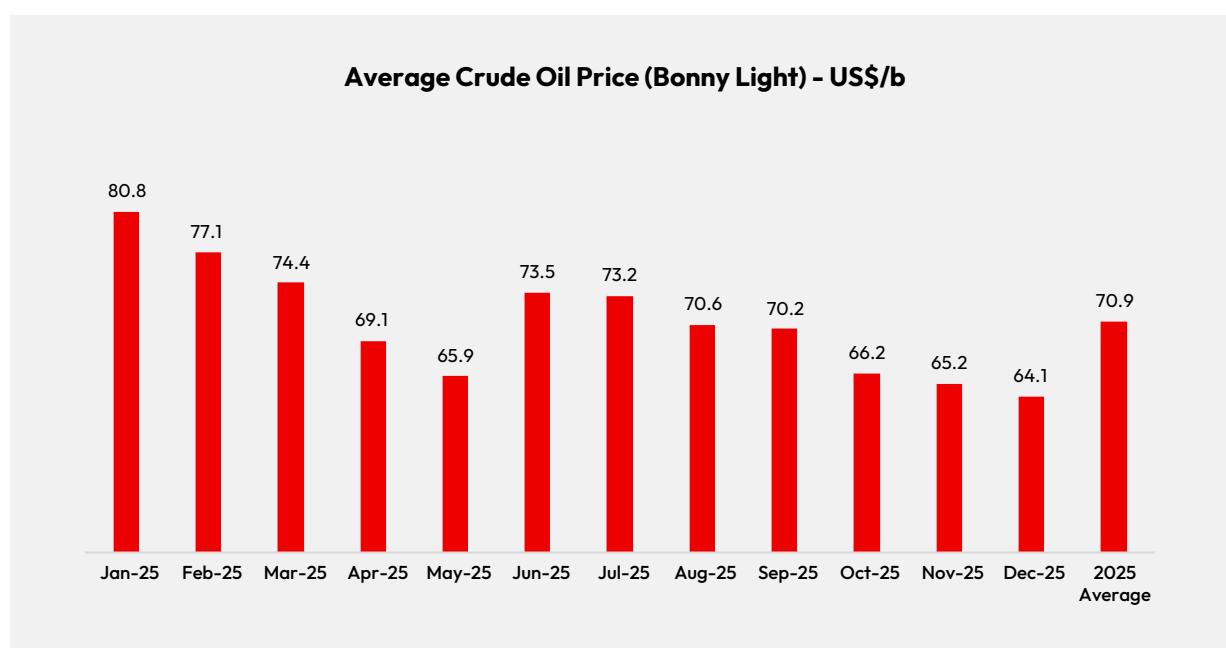
Nigeria's crude oil production averaged 1.49 million barrels per day (mbpd) in 2025, peaking at 1.598 mbpd in March and hitting a low of 1.43 mbpd in August. The first half of the year maintained relatively strong levels above 1.5 mbpd, while the second half saw a gradual decline, largely due to operational and market constraints. Despite these fluctuations, output remained within OPEC+ quota limits, reflecting efforts to stabilize production amid global supply adjustments. Notably, crude oil production losses were minimal, and incidents of oil theft were virtually non-existent—outcomes attributed to the reform initiatives of the current administration.

Looking ahead to 2026, we anticipate increased investment in the oil and gas sector from both existing operators and potential new entrants. The expansion of domestic refining capacity will help retain more value within Nigeria, creating jobs both within the industry and across the value chain. Although crude oil prices are expected to be lower in 2026 compared to 2025, the sector can still deliver strong performance if current reforms are sustained—particularly those aimed at boosting gas production and supply, as well as expanding crude oil refining. Nigeria's crude oil output is projected to average between 1.89–1.96 mbpd in 2026, supported by ongoing efforts to curb pipeline vandalism and enhance operational efficiency.



4.4 Crude-Oil Prices

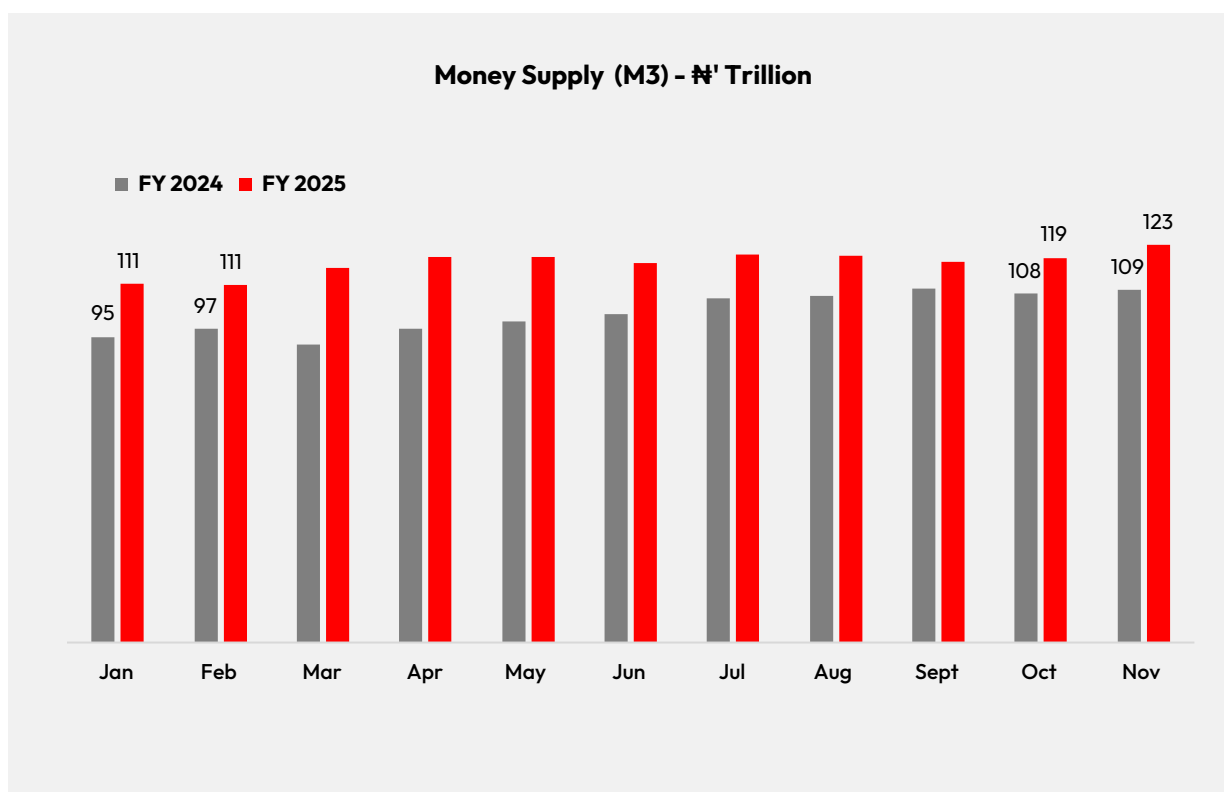
In 2025, Bonny Light crude oil prices exhibited a downward trend from monthly average price of US\$80.80/b in January to US\$64.09/b in December. The yearly average for 2025 is US\$70.88 from US\$82.40/b in 2024, reflecting market adjustments amid global supply dynamics. The highest monthly average was recorded in January, while the lowest occurred in December. As noted earlier crude oil price is expected to drop in 2026 to trading in the range of US\$56-US\$58/b. This figure falls below Nigeria's proposed 2026 budget benchmark, underscoring the need to restructure the economy to generate more revenue from the non-oil sector.



4.5 Money Supply

Broad money supply (M3) in Nigeria demonstrated strong growth throughout 2025, consistently surpassing 2024 levels and signalling improved liquidity and financial depth in the economy. In November 2025, M3 stood at ₦123 trillion, up from ₦119 trillion in October driven primarily by 3.43% increase in quasi money—which rose from ₦80 trillion in October 2025 to ₦82 trillion in November 2025. On a year on year, currency outside bank increased by 6% from ₦46.5 trillion in November 2024 to ₦49.1trillion in November 2025. Credits to Government dropped by 33% from ₦39.6 trillion in November 2024 to ₦26.4 trillion in November 2025 while credits to private sectors dropped marginally by 2% from ₦76 trillion in November 2024 to ₦75 trillion in November 2025.

Once the ongoing banking recapitalisation is completed, banks will have stronger capital buffers, enabling them to expand lending and stimulate economic activity. This will increase money supply through credit creation. We expect these funds to flow into large, fast-growing sectors such as real estate, agriculture, telecommunications, oil and gas, manufacturing, trade, and solid minerals. Additionally, banks can design credit products to tap opportunities in small and medium-sized enterprises (SMEs), further driving inclusive growth. Strong banks can access cheaper funding, which may translate into more competitive lending rates, stimulating borrowing and money supply growth.



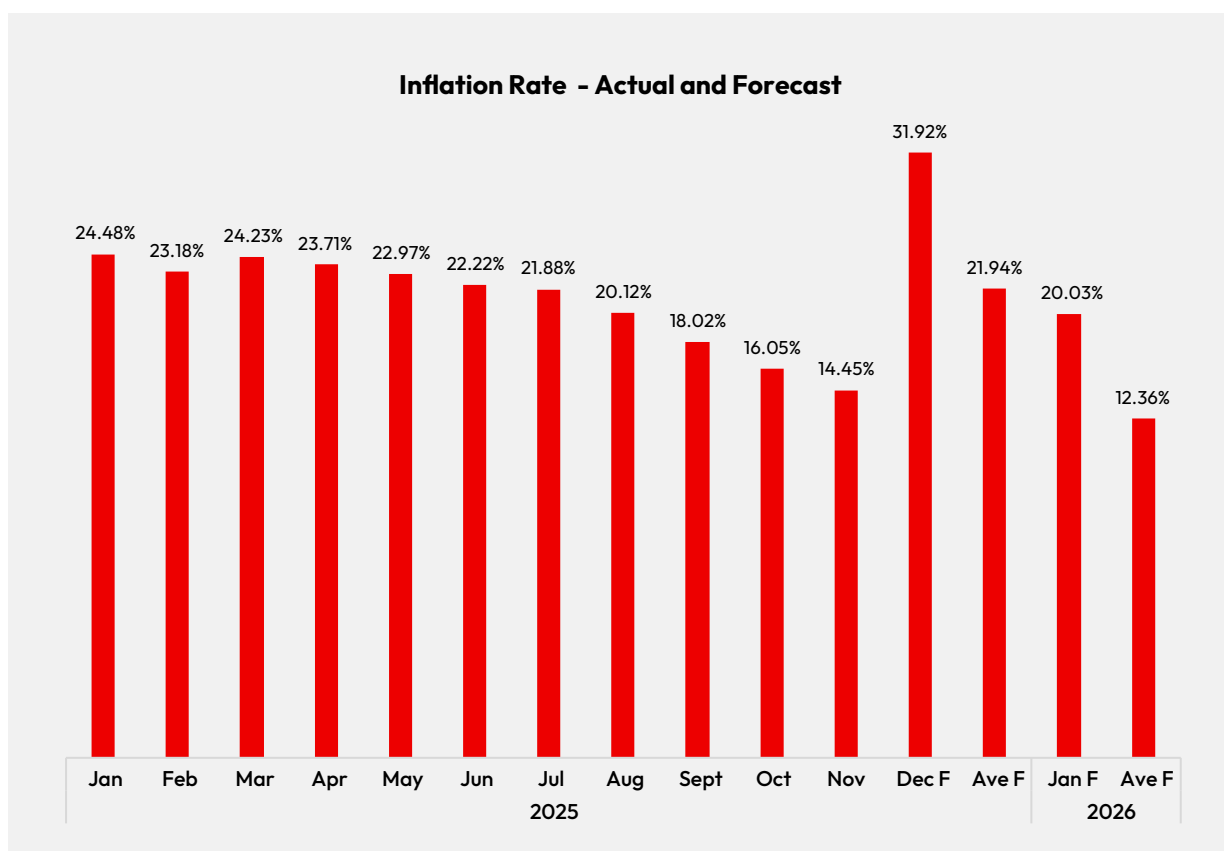
Source: CBN, United Capital Research

4.6 Inflation

Inflation declined steadily throughout 2025, easing from 24.48% in January to 14.45% in November, the lowest point of the year. This moderation was driven by falling food prices, appreciation of the Naira against the US Dollar, lower fuel prices, and favourable base effects. However, inflation is expected to spike in December 2025 to 31.92%, according to United Capital Research, due to statistical adjustments following the rebasing of the Consumer Price Index (CPI) to 100 points in December 2024.

Looking ahead to 2026, inflation is projected to start around 20% in January and decline to single digits by December, with an average rate of 12.36% for the year. Key drivers of this expected drop include lower food and energy costs, FX stability, and the removal of Value Added Tax (VAT) on selected consumer items.

This anticipated decline in inflation will likely moderate interest rates and yields on fixed-income securities. The Monetary Policy Committee (MPC) of the Central Bank of Nigeria (CBN) is expected to reduce the Monetary Policy Rate (MPR) by at least 2% to 25% during the year. These developments should support credit creation, deepen the debt market—both short-and long-tenored instruments—and strengthen the equity market. Furthermore, Federal and State Governments will be able to access funds through bond markets at lower interest rates, benefiting from the tax advantages associated with investing in government securities.



4.7 Monetary Policy Stance

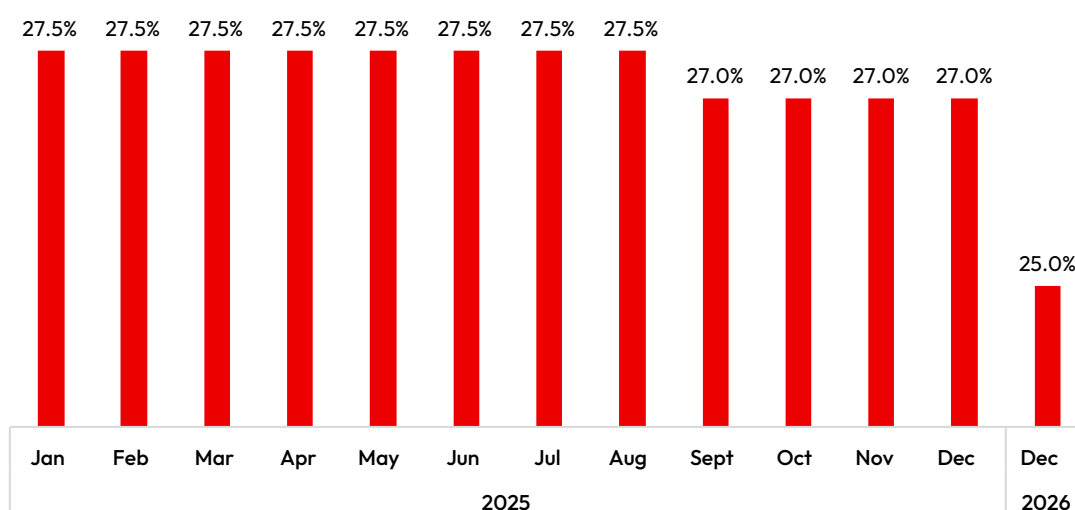
The Monetary Policy Committee (MPC) maintained a tight monetary stance throughout 2025 to balance inflation control with credit expansion. At its most recent meeting, the MPC held the benchmark Monetary Policy Rate (MPR) at 27%, signaling continuity in its anti-inflation posture. To complement this, the asymmetric corridor was adjusted to +50/-450 basis points around the MPR, a strategic move designed to encourage banks to lend more to the real economy while discouraging idle liquidity placements with the CBN.

The Committee also retained the Cash Reserve Requirement (CRR) at 45% for commercial banks and 16% for merchant banks, effectively sterilizing excess liquidity and reinforcing inflation containment. Additionally, the Liquidity Ratio was kept at 30%, ensuring banks maintain adequate liquid assets to safeguard financial stability.

Collectively, these measures aim to stimulate credit flow to productive sectors, discourage risk-free parking of funds with the CBN, and maintain macroeconomic stability. By tightening the corridor and sustaining high reserve requirements, the MPC seeks to balance growth objectives with inflation management, supporting a gradual recovery in private-sector lending while anchoring price stability.

Looking ahead to 2026, the anticipated decline in inflation, the need to boost credit creation for inclusive growth, and the objective of moderating public sector liquidity will shape the monetary policy stance. Consequently, we expect the CBN's Monetary Policy Committee (MPC) to lower the Monetary Policy Rate (MPR) to 25%, maintain an asymmetric corridor of +0.20%/-3.5%, set the Cash Reserve Ratio (CRR) for commercial banks at 40%, and increase the CRR on non-Treasury Single Account public sector deposits to 90%.

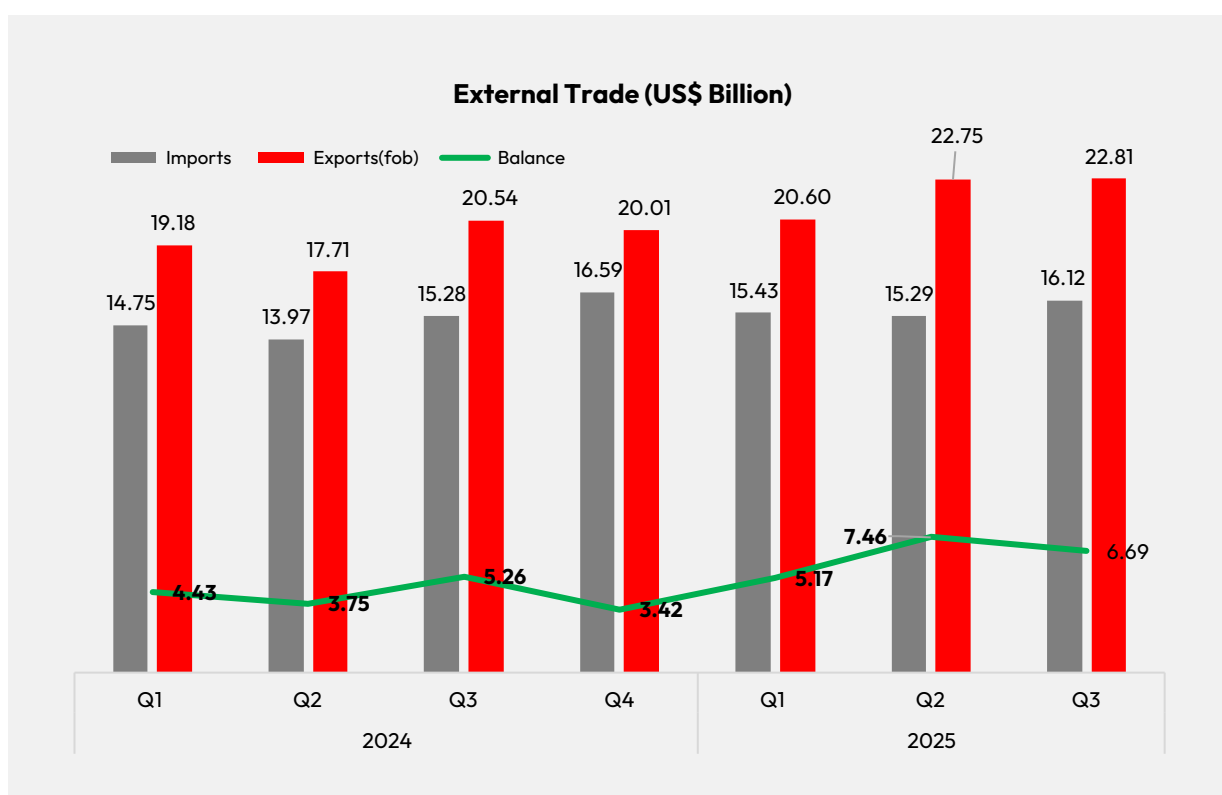
Monetary Policy Rate – 2025 Actual and 2026 Forecast



Policy Rates – Current and Forecast		
Parameters	2025	2026
Monetary Policy Rate (MPR)	27%	25%
Cash Reserve Requirements (CRR) – Commercial Banks	45%	40%
Cash Reserve Requirements (CRR) – Merchant Banks	16%	16%
CRR – Non-Treasury Single Account Public Sector Deposit	75%	90%
Liquidity Ratio	30%	30%
Standing Facility Corridor (SFC) Around the MPR	+0.5%/-4.5%	+0.20%/-3.5%

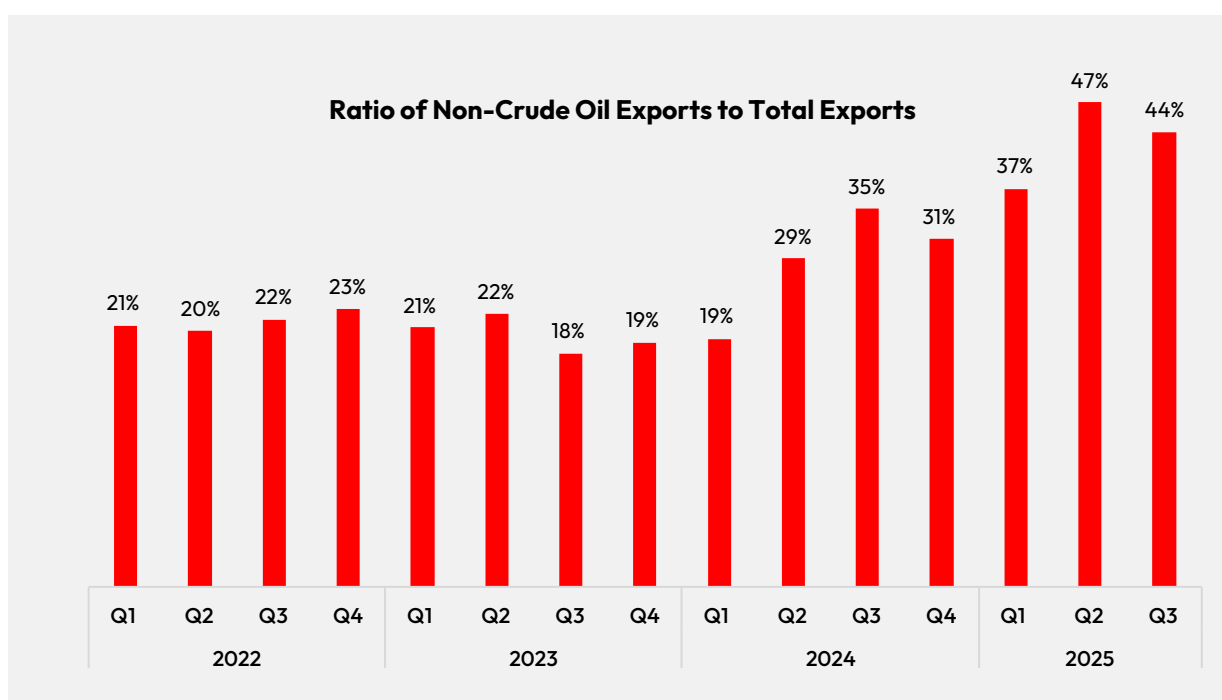
4.8 External Trade

Nigeria's external trade showed strong growth in 2025, with exports consistently outpacing imports. Export earnings rose from US\$20.60bn in Q1 to US\$22.81bn in Q3, while imports remained relatively stable, averaging around US\$15–US\$16bn. Consequently, the trade balance improved significantly, peaking at US\$7.46bn in Q2 before moderating to US\$6.69bn in Q3. This positive trend reflects export performance driven by higher crude oil receipts and improved non-crude oil trade contributions. This development and the development in the capital market helped the stability in the FX rate in 2025.



4.9 Non-Crude Oil Exports to Total Exports

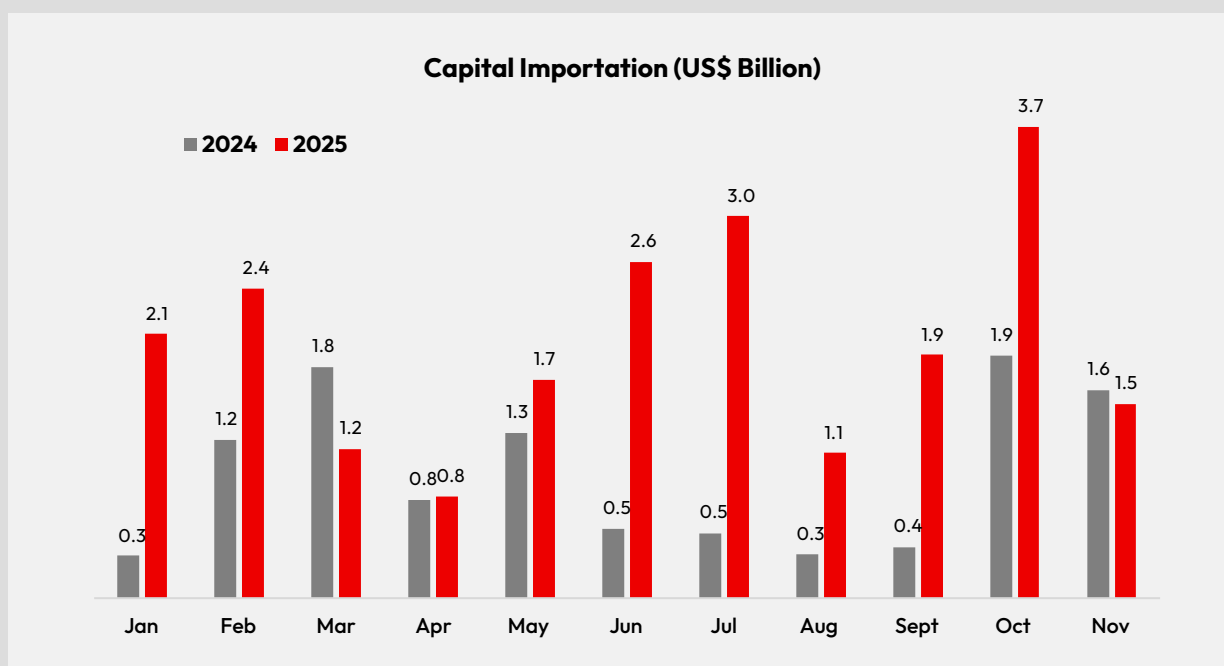
The share of non-crude oil exports in total exports improved significantly during the review period, rising from 21% in Q1 2022 to 47% in Q2 2025 before moderating slightly to 44% in Q3 2025. This represents a notable diversification away from crude oil exports that dominated the exports in 2022 and 2023. The improvement reflects stronger performance in refined oil products, agriculture, and manufactured goods. If sustained, it could make Nigeria's revenue, export earnings, and foreign exchange inflows less vulnerable to fluctuations in crude oil markets. United Capital Research expects the trend to continue as the countries to increase in crude oil refining capacities and exports refined oil.



4.10 Capital Importation – 2025 Performance and Insights

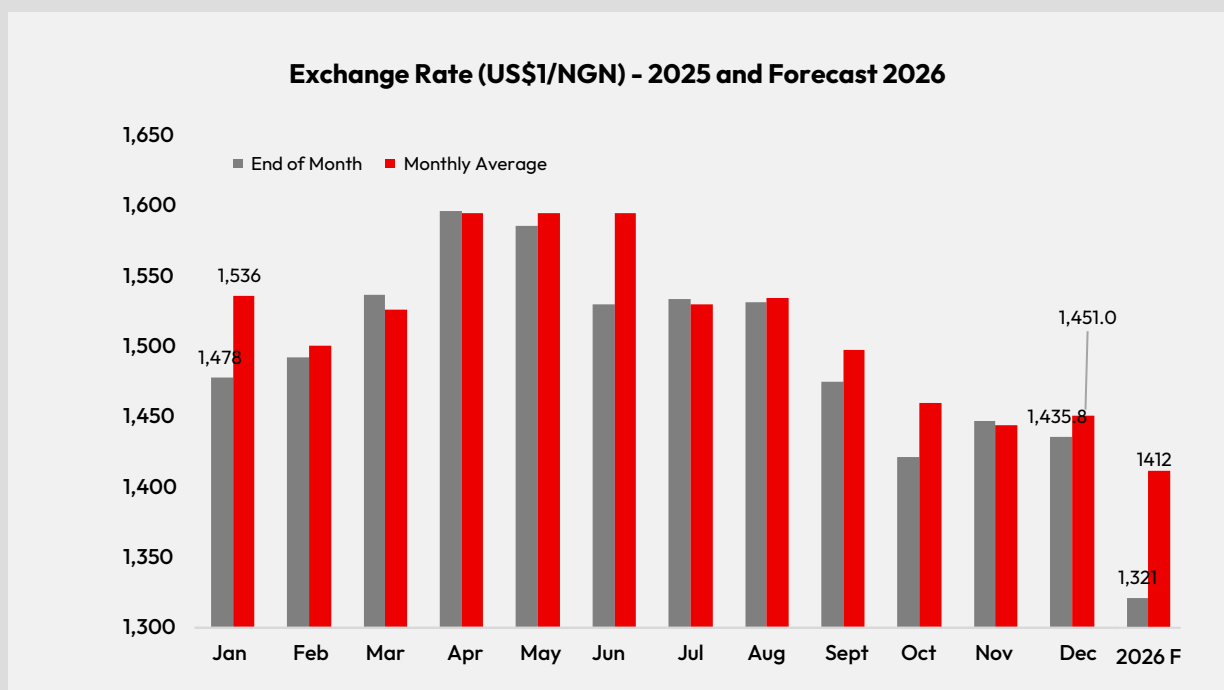
Nigeria recorded significantly higher capital inflows in 2025 compared to 2024, reflecting improved investor confidence and policy-driven momentum despite intermittent volatility. Total inflows between January and November 2025 reached US\$22 billion, up from US\$12 billion in 2024. Fixed-income securities dominated, attracting 81% of inflows in 2025 versus 65% in 2024, as foreign investors leveraged high interest rates and a stable exchange rate.

Looking ahead to 2026, elevated yields on government bonds, a stable currency outlook, and tax advantages will continue to attract foreign portfolio investors. The long-term nature of these bonds, coupled with a liquid FX market that facilitates easy repatriation of returns, should sustain foreign participation in Nigeria's debt market.



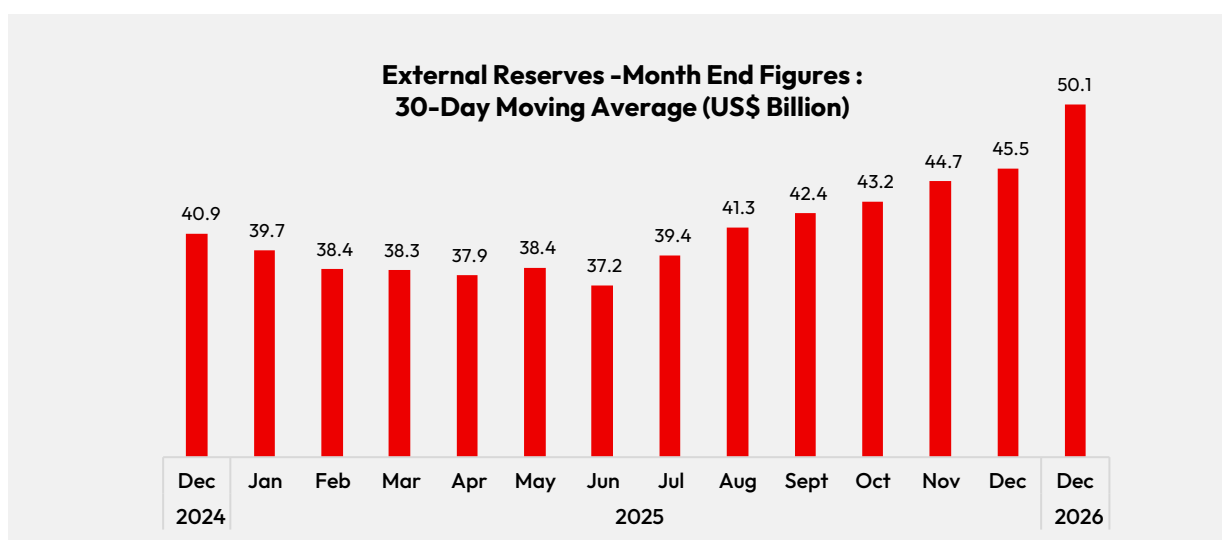
4.11 Exchange Rate

The Naira experienced notable volatility in 2025, with the monthly average exchange rate against the US Dollar peaking at US\$/₦1,595 between April and June following the announcement of global trade tariffs by the US President. After this high, the currency appreciated steadily through December. Looking ahead to 2026, we forecast an annual average exchange rate of US\$/₦1,412 and ending the year at approximately US\$/₦1,321. Key drivers of this outlook include expected improvements in external trade, increased capital inflows, and higher remittances from Nigerians in the diaspora.



4.12 External Reserves

Nigeria's external reserves strengthened steadily in 2025, rising from US\$40.9 billion in December 2024 to close at US\$45.5 billion by December 2025, based on the 30-day moving average. This represents an increase of US\$4.6 billion during the year. The confidence in the Nigeria economy and the reform of the fiscal and monetary authorities, led to the increase in the trade balance, foreign capital inflows, remittances from Nigerians in diaspora, and declining inflation rate all led to the accretion to the external reserves. The CBN said the current level of reserve is enough to cover over 10 months of imports, above the 3 months benchmark. Looking into 2026, our forecast indicates that the external reserves will close the year at US\$50.1 billion. This would be driven by foreign capital inflows, accelerated remittances from Nigerians in diaspora (CBN is targeting US\$1 billion monthly), and increase in non-crude oil exports. The reserves level in 2026 should continue to support stable foreign exchange rate and inspire investor confidence in the Nigerian economy and financial markets.



4.13 CBN Incentives to Drive Investments from Nigerians in Diaspora

The Central Bank of Nigeria (CBN) has introduced several initiatives to attract investments and boost diaspora remittances from Nigerians abroad. These measures aim to increase foreign exchange supply and stabilise the exchange rate. The CBN is targeting at least US\$1 billion in monthly remittances from the Nigerians in diaspora by 2026.

Diaspora Remittances Incentives

Diaspora Direct Investment Accounts. Allows Nigerians abroad to open local Naira accounts to remit funds directly for investment

FX Facilitation for Diaspora Investors

Access to foreign exchange at official rates: Enables diaspora Nigerians to invest in equities, government bonds, and real estate without suffering from parallel market rates



Encouraging Diaspora Investment in SMEs and Real Sector

Credit Facilities: Diaspora investors can access CBN-supported credit programs to fund SMEs, agriculture, and infrastructure projects



Incentives Through Banks and Financial Institutions

Diaspora Investment Funds (DIFs): Managed by commercial banks to pool diaspora funds for capital market investments



Regulatory Support

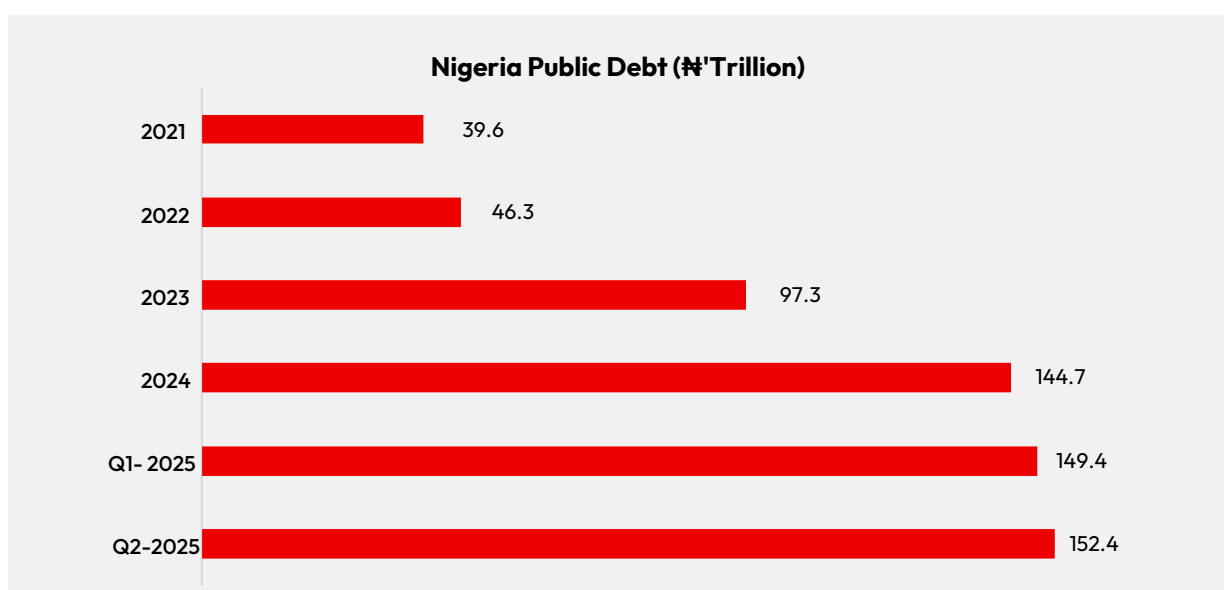
CBN circulars and guidelines on diaspora investment ensure:

- Protection of diaspora investors' funds
- Transparency and streamlined approval processes
- Encouragement of formal investment channels over informal remittances

4.14 Public Debt

Nigeria's total public debt rose to ₦152.4 trillion in Q2 2025, up ₦3.0 trillion from ₦149.4 trillion in Q1. Domestic debt accounted for 53% of the total, while external debt made up 47%. As of June 2025, this represented about 38.54% of nominal GDP. Although public debt is expected to rise further in 2026 due to the planned budget deficit, ongoing efforts to boost revenue generation should help maintain debt sustainability.

Nigeria Public Debt as at June 2025			
Debt Category	Naira Value (Trillion)	US Dollar Value (Billion)	Contribution
External Debt	71.85	46.98	47.14%
Domestic Debt	80.55	52.67	52.86%
Public Debt	152.40	99.66	100.00%



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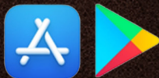
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5.0

Proposed 2026 Budget of Consolidation, Renewed Resilience and Shared Prosperity

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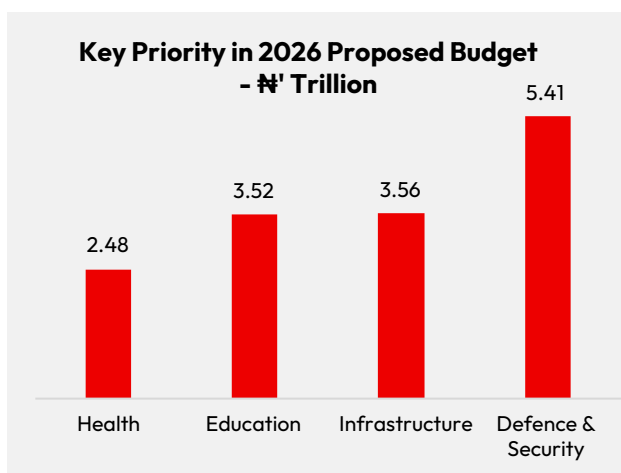
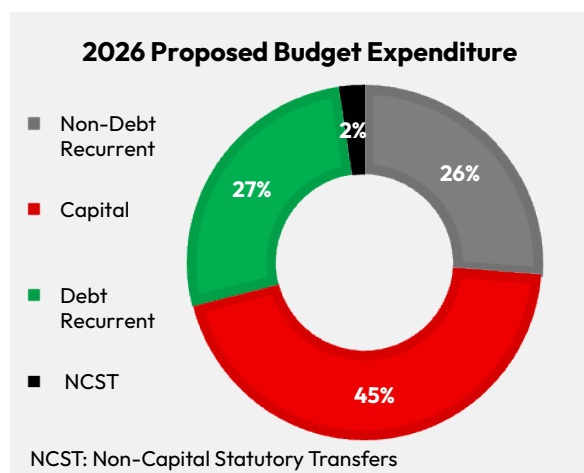
5.0

Proposed 2026 Budget of Consolidation, Renewed Resilience and Shared Prosperity

5.1 Bottomline:

The Federal Government of Nigeria (FGN) proposed a budget expenditure of N58.18trillion for 2026, with projected revenue of N34.33trillion, resulting in an expanded budget deficit of N23.85trillion. This deficit represents 4.25% of Gross Domestic Product (GDP). The financing plan includes N0.19trillion (1%) from privatisation proceeds, N2.05trillion (9%) multilateral and bilateral project-tied loans, N17.29trillion (72%) from domestic borrowing, and N4.32trillion (18%) from foreign borrowing. Key assumptions, as well as revenue and expenditure details for the proposed 2026 budget compared to the revised 2025 figures, are presented in the accompanying tables and charts.

Key Assumptions			Key Revenue and Expenditure (₦' Trillion)		
Parameters	2025*	2026^	Indicators	2025*	2026^
Oil Price Benchmark (US\$/b)	75	64.85	Total Expenditure	54.99	58.18
Oil Production (mbpd)	2.06	1.84	Total Revenue	40.89	34.33
Exchange Rate (US\$/₦)	1,500	1,400	Non-Debt Recurrent Exp.	13.59	15.25
GDP Growth Target	4.60%	4.68%	Capital Expenditure	23.44	26.08
Inflation Rate Target	15.75%	14%	Budget Deficit	14.10	23.85
*Revised. ^Proposed Budget			Debt Service	14.32	15.52



5.2 Objectives of the Proposed 2026 Budget

The FGN states that the proposed 2026 budget is anchored on four key objectives: consolidating macroeconomic stability; improving the business and investment climate; promoting inclusive, job-rich growth and reducing poverty; and strengthening human capital development while safeguarding the vulnerable. FGN anticipates stronger revenue performance driven by the new National Tax Acts and ongoing reforms in the oil and gas sector. Additionally, the government plans to leverage technology to enhance revenue mobilisation and eliminate leakages.

5.3 Key Priority Sectors in the Proposed 2026 Budget

Allocations to defence & security, infrastructure, education, and health are strategic for attracting investments, boosting productivity, and stimulating job creation through private sector participation. However, our analysis of the projected crude oil price for 2026 suggests that the proposed benchmark of US\$64.85/b is optimistic. This may raise concerns that the revenue target may not be achieved. A sustainable approach would involve continued expansion of domestic refining capacity and accelerate development of non-crude oil revenue sources.

5.4 Recommendations

Efficient infrastructure is essential for driving shared economic prosperity in Nigeria. United Capital Research observes that the resources required to finance infrastructure cannot be met solely through annual budgetary allocations. Therefore, it is crucial for governments at all levels to deepen partnerships with the private sector by adopting various Public-Private Partnership (PPP) models to fund infrastructure development. Such collaboration will help unlock investments, accelerate growth, and guarantee shared prosperity.

5.5 Nigeria's Fiscal Sustainability Outlook

Fiscal sustainability for Nigeria hinges on diversifying revenue sources beyond crude oil. Our analysis of the 2024 budget performance shows that non-oil revenue outperformed oil revenue, signaling progress toward a more resilient fiscal structure.

Key Drivers for Sustained Non-Oil Revenue Growth

1. Infrastructure Investment

Continued spending on roads, power, and logistics will support productivity and broaden the tax base.

2. Domestic Oil Refining & Gas Development

Reducing import dependence and monetising gas resources will stabilise energy costs and create new revenue streams.

3. Agriculture–Manufacturing Linkages

Strengthening value chains will boost industrial output and VAT collections.

4. Tax Reform

Expanding the tax net and improving compliance will significantly raise non-oil tax revenue.

5. Local Government Autonomy

Direct revenue allocation to LGAs will empower grassroots development. With autonomy, financial institutions can structure funding for local infrastructure, improving living standards and stimulating local economies.

Revenue Performance Analysis - ₦' Billion: 2024 –2025

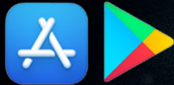
Fiscal Items	2024 Budget	2024 Actual	Performance	2025 Budget	2025 - Jan-Jul Prorate	2025 - Jan-Jul Actual	Performance
Oil Revenue							
Gross Oil and Gas Revenue	19,996	15,067	75%	51,043	29,775	11,170	38%
Deductions	3,013	2,143	71%	7,517	4,385	1,563	36%
Net Oil and Gas Revenue	16,983	12,924	76%	43,527	25,390	9,606	38%
Non-Oil Revenue							
Non-Oil Taxes	10,808	17,648	163%	24,217	14,127	13,340	94%
Corporate Tax	3,257	5,799	178%	9,330	5,442	5,858	108%
Value Added Tax	3,954	6,721	170%	7,502	4,376	4,815	110%
Customs	3,422	3,355	98%	7,156	4,174	2,369	57%
Electronic Money Transfer Levy	175	219	125%	230	134	223	166%
Exchange Gain	-	1,553		-	-	75	
Deductions	736	1,084	147%	1,550	904	1,065	118%
Net Non-Oil Taxes	10,072	16,564	164%	22,667	13,223	12,275	93%
Other Revenue	776	23	3%	1,544	901	33	4%
Other Deductions	121	118	98%	304	177	172	97%
Net-Non-Oil Revenue	10,728	16,469	154%	23,908	13,946	12,136	87%
Total Revenue	27,711	29,393	106%	67,434	39,337	21,743	55%

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6.0

Key Sectors Reforms

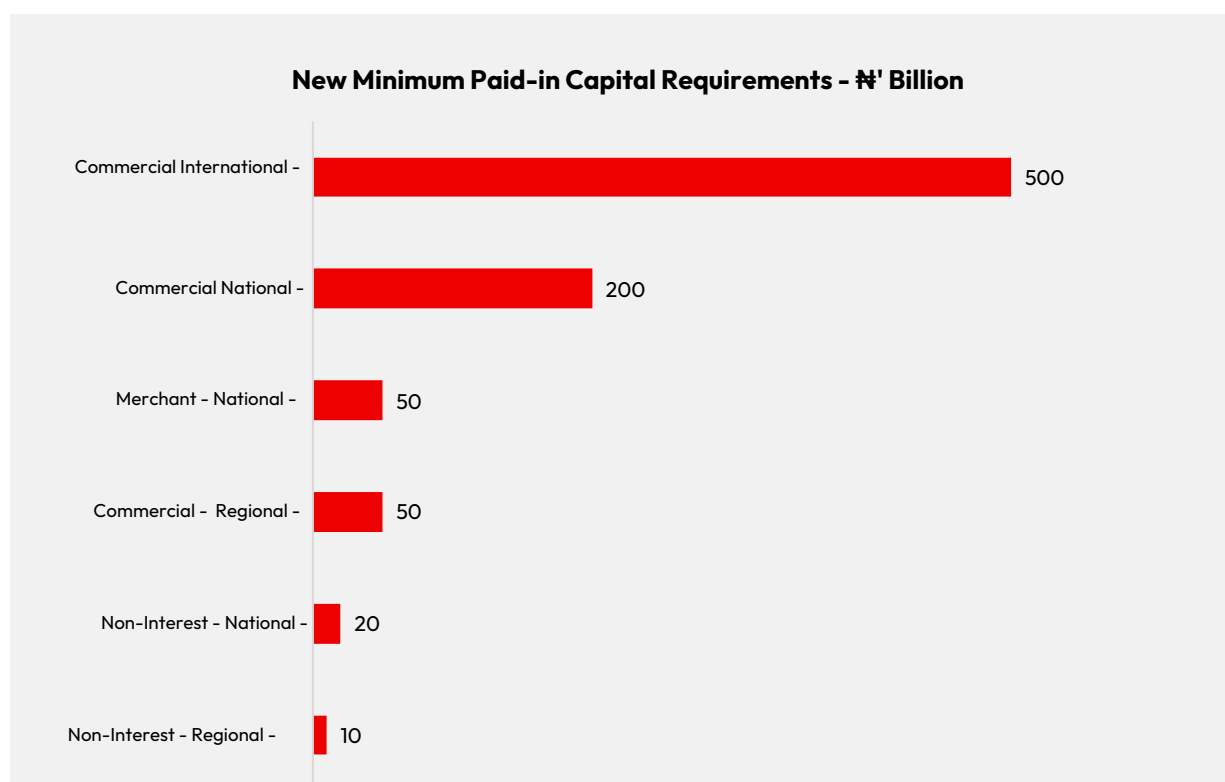


6.0

Key Sectors Reforms

6.1.1 Recapitalisation of Banking Industry –New Capital Requirements for Banks

On 28-Mar-2024, the Central Bank of Nigeria (CBN) announced new minimum capital requirements for banks to achieve the current administration's goal of a ₦1 trillion economy by 2030. All banks must meet these requirements within 24 months, starting from 01-Apr-2024, and ending on 31-Mar-2026. CBN encouraged banks to explore various capital-raising options, including Private Placements, Rights Issues, Public Offers, Mergers and Acquisitions (M&As), and licence upgrades or downgrades. Furthermore, it was disclosed that the minimum capital should comprise paid-up capital and share premium only. It stressed that the new capital requirement should not be based on the Shareholders' Fund.



Banks that Have Met New Minimum Capital Base			
S/N	Bank	S/N	Bank
1	Access Bank	10	Lotus Bank
2	Citibank Nigeria	11	Nova Bank
3	Ecobank Nigeria	12	Premium Trust Bank
4	First Bank	13	Providus Bank
5	FSDH Merchant Bank	14	Stanbic IBTC
6	Globus Bank	15	Sterling Bank
7	Greenwich Merchant Bank	16	United Bank for Africa
8	GTBank (Guaranty Trust Bank)	17	Wema Bank
9	Jaiz Bank	18	Zenith Bank
Industry Sources			

6.1.2 Impacts of the Recapitalisation on Nigerian Economy and Financial System

1. Stronger Banking Sector Resilience

- Increased Capital Buffers ensure Nigerian banks can withstand domestic/external shocks.
- Enhanced risk-based supervision, stricter credit frameworks, and stress-testing further strengthen sector stability.

2. Increased Lending Capacity & Credit to the Real Economy

- Increased capital base will enable banks to finance larger infrastructure and industrial projects, to foster inclusive growth and shared prosperity.
- It will enable banks to undertake larger ticket transactions in oil and gas, manufacturing, agriculture, telecommunication, real estate and solid mineral.

3. Deepening of Capital Markets

- Improved bank balance sheets foster greater investor confidence, contributing to a bullish capital market in 2026 and beyond.

4. Macro economic Gains & Stability

- The increase in investment that is associated with lending could accelerate the GDP of the country.
- Intense competition in the industry for capital deployment may lead to a drop in prime lending rate. This will also help business expansion.
- Bank may also be able attract large capital from other development partners abroad because of the large capital base of banks.

All these developments will have positive impacts on the equity market in 2026 and in the medium term as liquidity become more available to fund business expansion at lower cost.

6.2 Nigeria Insurance Industry Reform Act (NIIRA) 2025

The Act mandates a comprehensive recapitalisation of all insurance and reinsurance companies in Nigeria, with the goal of strengthening financial solvency, enhancing underwriting capacity, and aligning with international standards. Under the NIIRA 2025, the revised capital thresholds are:

New Risk-Based Capital Requirement for Major Insurance Business			
S/N	Insurance Business	New Capital (₦' Billion)	Current Capital (₦' Billion)
1	Life Insurance	10	2
2	Non-Life Insurance	15	3
3	Composite Insurance	25	5
4	Reinsurance	35	10

Composition of the New Capital Requirement	
Existing Insurance Companies	<ul style="list-style-type: none"> • The excess of admissible assets over liabilities, less the amount of own shares held by the firm. • Subordinated liabilities subject to approval by NAICOM • Any other financial instruments as may be prescribed by the commission
New Insurance Companies	<ul style="list-style-type: none"> • Government Bonds • Treasury Bills • Cash and Cash Equivalent
Subordinated liabilities include perpetual bonds. Convertible bond and preference shares.	

6.2.1 Compliance Timeline: NIIRA 2025

Existing Insurance Companies must comply with the new capital requirement by 30 July 2026. The commencement date for the new insurance companies is 31 July 2025. Non-compliance will attract a penalty as commission may cancel registration of defaulters. Within 30 days after deadline, NAICOM will publish list of compliant insurers. In addition, reporting requirement includes that every insurer shall, on or before 31st of March of each year, prepare and submit to the Commission a report of its RBC levels as at 31st of December of the preceding year.

6.2.2 Insurance Sector Under the NIIRA 2025

1. Recapitalisation and Market Consolidation:

The recapitalisation of all insurance and reinsurance companies in Nigeria is expected to strengthen financial solvency, enhance underwriting capacity, and align with international standards.

2. Digital Transformation & Inclusion:

Mandatory transition to digital operation of insurance activities to drive the process from policy issuance to claims handling is expected to lower costs, enhance efficiency, and extend reach into rural/ underserved markets.

3. Consumer Trust and Insurance Penetration:

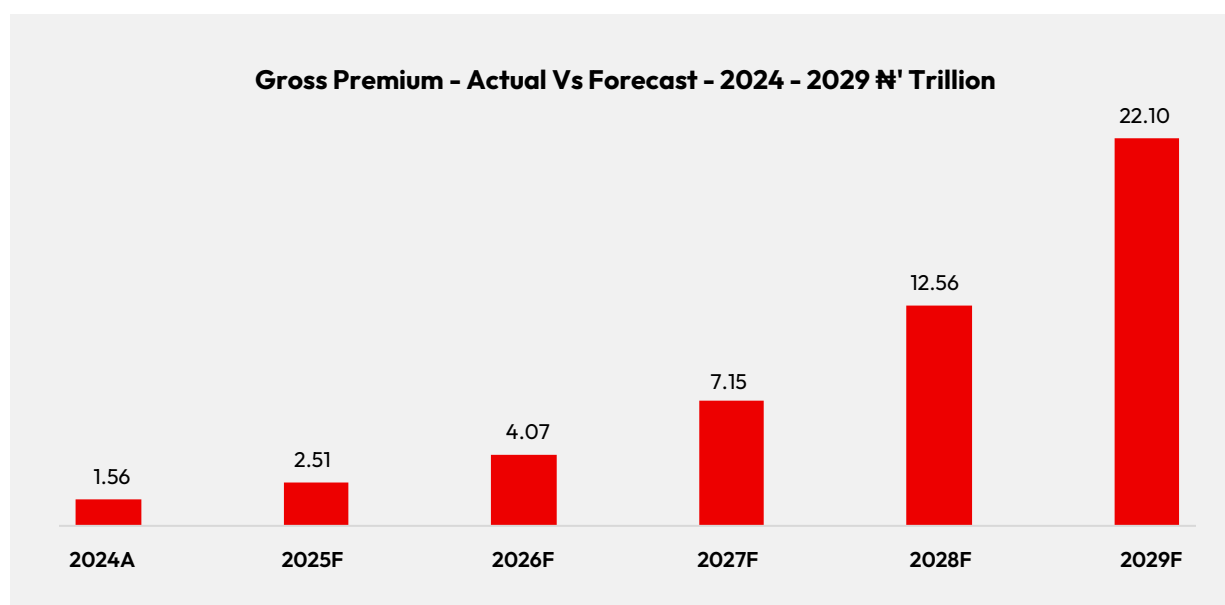
The NIIRA 2025 stands to benefit consumers because of enforced stipulated claims settlement timelines Policyholder Protection Fund and the expansion of compulsory coverage across construction, motor, health, agriculture, and more. These measures are set to reverse the longstanding trust deficits from the insuring public boosting market penetration and expansion of insurance uptake.

4. Expanded Market Via Compulsory Policies:

The NIIRA Act expands mandatory insurance frameworks for buildings under construction (one floor above), public buildings, government assets, petroleum stations, credit life, and container imports—all widen the addressable market significantly. These new mandates are expected to drive premium growth across diverse risk categories.

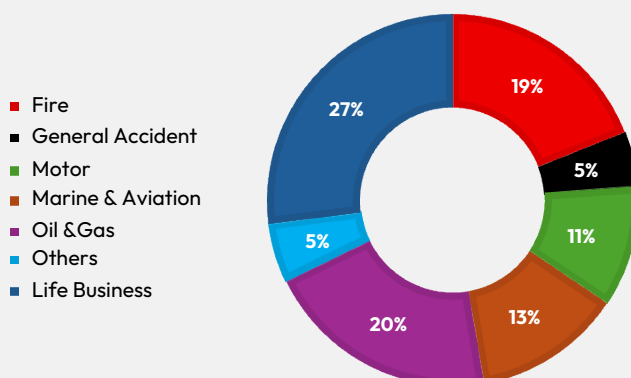
6.2.3 Short Term Outlook of the Insurance Sector:

- I. We expect the new NIIRA 2025 to create fresh business opportunities for operators in the insurance industry
- II. As operators begin to generate substantial premium income, they will actively seek viable investment outlets. Some of the money will find its way towards the equity market for long-term investment and sustaining the growth of the equity market. This is the way insurance business operates in more advanced market.
- III. With the steady growth and evolution of the insurance sector, many operators will likely expand into investment management, increasing competition for market existing operators.
- IV. Furthermore, we anticipate the entry of new, particularly foreign, players bringing innovative products that will deepen and transform the market.
- V. Smaller operators may struggle to remain competitive and could become acquisition targets as the industry consolidates.
- VI. We anticipate that the industry's gross premium will maintain a strong growth trajectory, rising from ₦1.56trillion in 2024 to approximately ₦22.20trillion by 2029.



Gross Premium in the Industry - Actual Vs Forecast - 2019 - 2029 - N' Billion											
	Actual (₦' Billion)						Forecast (₦' Billion)				
Business	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Fire	53	48	68	101	156	239	386	673	1,240	2,285	4,211
General Accident	35	37	41	55	60	96	145	228	380	636	1,062
Motor	44	48	57	69	120	160	259	429	753	1,324	2,327
Marine & Aviation	28	33	47	53	74	136	265	460	846	1,555	2,858
Oil & Gas	95	92	114	134	167	375	509	842	1,475	2,586	4,532
Others	27	26	38	44	56	87	146	234	398	679	1,156
Life Business	227	232	266	334	410	470	795	1,205	2,052	3,497	5,958
Total	508	515	631	790	1,043	1,563	2,505	4,070	7,146	12,560	22,103

Projected Contribution to Insurance Premium in 2029



Structure of the World's 10 Leading Insurance Companies

This signals where the insurance sector is headed in the coming five years after recapitalisation

S/N	Company	Country	Core Services	Mitigating Factors
1	Allianz SE	Germany	Life, health, property & casualty insurance, asset management, retirement plans	Active, long-term focus; ESG integration; exclusions for controversial sectors; thematic sustainable investing
2	Berkshire Hathaway	US	Property & casualty insurance, reinsurance, investment management	Active, long-term focus; ESG integration; exclusions for controversial sectors; thematic sustainable investing
3	China Life	China	Life insurance, annuities, health, savings/investment products	Long-term stable returns; diversified allocation; surplus sharing; prudent risk management
4	Ping An	China	Life/property insurance, banking, investment, health, elderly care	Systematic, data-driven approach; strong ESG commitment; tech-enabled investment decisions
5	Prudential Financials Plc	USA	Life & health insurance, retirement plans, asset management (Eastspring)	Long-term value focus; ESG integration; governance and stewardship standards
6	MetLife	USA	Life, annuities, group benefits, disability, asset management (MIM)	Bottom-up research; risk-adjusted returns; ESG integration; diversified across fixed income, real estate
7	AXA	France	Life, health, property & casualty, investment management	Responsible investing; ESG integration; exclusions (coal, weapons); impact investments
8	Zurich Insurance	Switzerland	General insurance, life, commercial lines, risk management	Conservative, liability-matching; stable underwriting; high-grade fixed income allocations
9	Japan Post Insurance	Japan	Life insurance, annuities, accident, health products	ESG integration; SDG alignment; constructive engagement; long-term universal owner mindset
10	State Farm	USA	Auto, home, life, health insurance; banking, mutual funds, retirement planning	Stable growth; prudent risk; diversified portfolios; tech-enabled dynamic asset allocation

6.3 Nigerian Tax Reform – Capital Gain Tax

- I. The Nigeria Tax Act 2025 introduced several changes to the Capital Gains Tax (CGT) regime, which are expected to influence investment and trading strategies in the Nigerian capital market going forward.
- II. Re-investment relief still available – no tax applied if the proceeds of stock investments are re-invested in the stock market either in the purchase of another stock or buying the same stock at lower prices.
- III. Small companies pay 0% tax and individuals exempted below ₦150million total proceed in a year and below ₦10million profit.
- IV. Small companies have annual turnover of N100million or less and fixed asset of ₦250million.
- V. The Capital Gains Tax (CGT) framework encourages long-term participation in the equity market—promoting sustainable market growth—rather than short-term trading activities, which often create market distortions.

6.3.1 Certain Income Tax Exemptions

- I. Dividend distributed by authorised collective investment schemes (Mutual funds).
- II. Dividend or rental income received by a real estate investment company on behalf of its shareholders, where not less than 75% of the dividend or retail income is distributed within 12 months after the end of the financial year in which the dividend or retail income was earned
- III. Pension fund, and assets created pursuant to the pension reform acts.
- IV. Pension, gratuity, or any retirement benefits granted in accordance with the Pension Reform Act.
- V. Institutional investors that enjoy corporate income tax exemption such as PFAs, REITs and NGOs are also exempted from CGT.
- VI. Gains from investment in a labeled startup by venture capitalist, private equity fund, accelerators or incubators.
- VII. Capital gains from foreign share disposals that are repatriated into Nigeria through CBN-authorised channels.

Taxpayers' Taxable Income Range		
S/N	Taxpayers' Income Range	Tax Rate*
1	Taxable income first ₦800,000 per year	0%
2	Taxable income next ₦2,200,000 per year	15%
3	Taxable income next ₦9,000,000 per year	18%
4	Taxable income next ₦13,000,000 per year	21%
5	Taxable income next ₦25,000,000 per year	23%
6	Taxable income next ₦50,000,000 per year	25%
7	Small companies	0%
8	Large companies	30%/25%**
i. *This is also the rate that investors will pay on their CGT ii. Small company has annual turnover of N100million or less and fixed asset of N250million iii. ** The current tax rate is 30% while there is a plan to reduce it to 25%		

6.3.2 Additional Clarifications

- Corporate Reorganisation** – Mergers, acquisitions, or internal restructurings as stipulated under the Nigeria Tax Act 2025 are exempt from CGT
- Transition Arrangements** – Gains earned on shares up to 31 December 2025 will be grandfathered (based on existing laws) and only taxed upon disposal where applicable, based on the law as at that date

6.3.3 Registration and Compliance

- Resident investors are required to register for tax and obtain a Tax ID
- Non-resident investors who earn only passive income (e.g. dividends or capital gains) are not required to obtain a Tax ID
- Self-assessment is the default compliance model, though regulations may be issued to introduce withholding or presumptive deductions at source through brokers or exchanges.

Opportunity for investors to favour dividend-focused and tax-efficient strategies, such as pension funds, mutual funds, Real Estate Investment Trusts (REITs), and Exchange-Traded Funds (ETFs). On the table below we show a simple strategy to invest in the equity market to minimise the impact of Capital Gain Tax (CGT) under the following assumptions:

- Stock trading portfolio
- Initial principal amount: N2.5bn invested in one stock per time
- Portfolio turnover: Reinvested 3 times per year
- Portfolio of a large company

- e. Portfolio earns net profit of 24% in 1st and 2nd rounds and 15% in 3rd round
- f. The equity is entirely self-funded (no debt financing)
- g. Investors intend to withdraw the proceeds from the sales after the 3rd round
- h. There is no transaction cost

Illustration of Capital Gain Tax on Stock Investment – Trading Portfolio						
1 st Round of Trading – Profit of 24%						
Stock	Allocation (₦' Mn)	Purchase Price (₦)	Units (Mn)	Exit Price (₦)	Portfolio Value (₦' Mn)	Profit (₦' Mn)
A1	2,500	5	500	6.2	3,100	600
Total	2,500				3,100	600
2 nd Round of Trading – Profit of 24%						
Stock	Allocation (₦' Mn)	Purchase Price (₦)	Units (Mn)	Exit Price (₦)	Portfolio Value (₦' Mn)	Profit (₦' Mn)
A2	3,100	3	1,033	3.72	3,844	744
Total	3,100				3,844	744
3 rd Round of Trading – Profit of 15%						
Stock	Allocation (₦' Mn)	Purchase Price (₦)	Units (Mn)	Exit Price (₦)	Portfolio Value (₦' Mn)	Profit (₦' Mn)
A3	3,844	4	961	4.60	4,421	577
Total	3,844				4,421	577
Total Portfolio Profit at the Year End (₦' Mn)						1,921
Total Taxable Profit for the Year (₦' Mn)						577
CGT Payable Based on CGT rate of 30%* for a large company (₦' Mn)						173
Tax Free Profit (₦' Mn)						1,344
*The effective tax rate will be reduced to 25% effective from a date as may be determined in an order issued by the President on the advice of the National Economic Council.						

6.3.4 Allowable Deduction Before Arriving at Taxable Gain

- i. Realised capital losses on share disposals.
- ii. Transaction charges such as brokerage fees and regulatory levies.
- iii. Expenses such as margin interest and realised foreign exchange losses proved to be incidental to the investment while exchange gains would be treated as taxable.
- iv. Investors may now deduct certain costs that were previously disallowed under the old CGT regime ensuring that they are not taxed on a net loss position.

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7.0

Nigerian Financial Market – Review and Outlook



7.0

Nigerian Financial Market – Review and Outlook

7.1.0 Equity Market Review and Outlook

The Nigerian equity market delivered good performance in the year 2025, defying global uncertainties and domestic macroeconomic headwinds. The Nigerian Exchange All-Share Index (NGX-ASI) closed the year 2025 at 155,613.03 points with an appreciation of 51.19%.

The following factors were responsible for the appreciation in the equity market during the year:

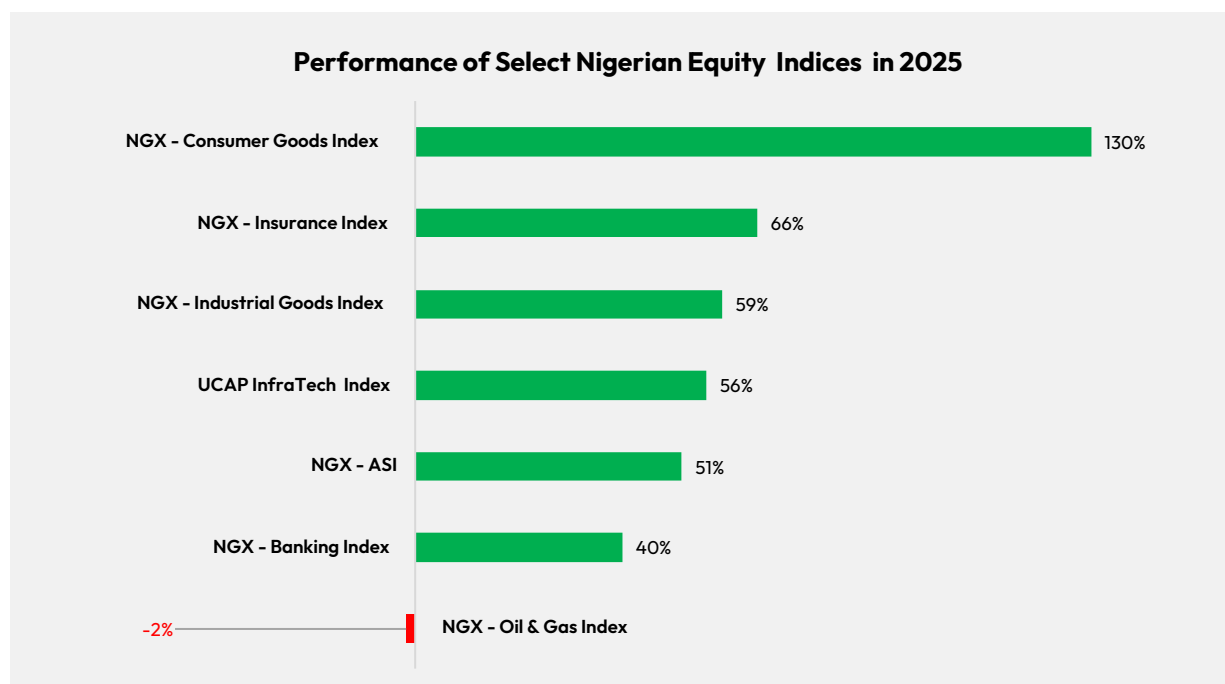
- Improved corporate earnings and dividend declaration as companies recovered from prior years' losses.
- Improved investors confidence on the reform of the fiscal and monetary authorities which stabilised the macroeconomic environment in Nigeria.
- Declining inflation rate and interest rate which helped portfolio reallocation to the equity market.
- Stability in the exchange rate, which helped planning.

However, two factors had adverse impacts in the market in November 2025

- The uncertainties in the market following the announcement of the Capital Gain Tax (CGT).
- The initial announcement by President Trump regarding the security challenges in Nigeria created uncertainty among investors, triggering significant depreciation in both the currency and equity markets during November. However, following clarification that there was ongoing cooperation between the two countries in combating banditry in Nigeria, market sentiment improved, leading to a partial recovery.

7.1.1 Performance of Select Indices

NGX Consumer Index recorded the strongest performance among the indices we monitored in Nigeria, with an appreciation of 130% during the year. This was followed by the NGX Insurance Index, which also posted significant gains of 66%. Meanwhile, the UCAP InfraTech Index—an index managed by United Capital Research comprising infrastructure and ICT stocks—rose by 56% over the same period.



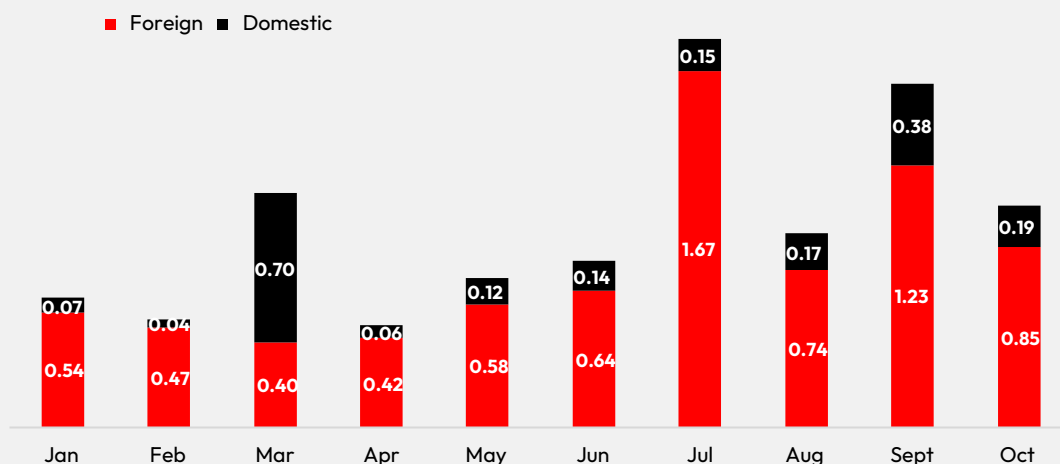
The table below shows the top gainers and losers for the year.

Stock Price Change – Gains and Loss in 2025					
Top 10 Best Performing Stock			Top 10 Worst Performing Stock		
S/N	Company	Price Gain	S/N	Company	Price Loss
1	NCR (Nigeria)	1,354.00%	1	VFD Group	-75.23%
2	Eunisell Interlinked	496.78%	2	Conoil	-51.65%
3	Beta Glass	470.11%	3	Sunu Assurances Nigeria	-48.84%
4	Mutual Benefits Assurance	408.20%	4	Oando	-39.09%
5	Guinness Nigeria	398.08%	5	John Holt	-37.10%
6	Ellah Lakes	324.05%	6	Africa Prudential	-27.98%
7	Vitafoam Nigeria	300.00%	7	Lasaco Assurance	-20.71%
8	Ikeja Hotel	272.44%	8	Haldane Mccall	-16.32%
9	Champion Breweries	267.45%	9	Industrial & Medical Gases	-15.68%
10	Honeywell Flour Mill	247.62%	10	Transcorp Power	-14.70%

7.1.2 Foreign Portfolio Participation in the Nigerian Equity Appreciated

Domestic investor activity remained the dominant force in the Nigerian equity market throughout 2025, providing the backbone of market liquidity and turnover. Across all months, local institutions and retail investors accounted for most transactions, reinforcing the locally driven nature of the market. Based on available data from January to October, domestic investors represented approximately 79% of total trade, while foreign investors accounted for 21%. This depth of domestic participation supported continuous trading activity and underpinned price formation, even as market conditions evolved. Looking ahead to 2026, we expect foreign participation to increase as portfolio allocations shift from fixed-income securities to equity market.

Domestic and Foreign Participation in Equity Trading (N' Trillion) - 2025



7.1.3 Equity Market Outlook for 2026

The ongoing reforms in the Nigerian economy and financial system, initiated by the Federal Government and apex regulatory bodies, are expected to continue driving the equity market in 2026. United Capital Research projects that the NGX All-Share Index (NGX-ASI) will gain approximately 31% during the year, primarily from price appreciation in currently listed stocks. Furthermore, there are strong indications that major companies such as Dangote Fertilizer Limited, NNPC Limited, and leading fintech firms will list their shares on the NGX in 2026. These listings will significantly boost market capitalisation and could amplify overall market appreciation. While we expect such listing to attract fresh capital into the market, it may also trigger temporary reallocation of funds from existing stocks, causing short-term dips in the prices of currently listed companies.

Drivers of Nigerian Equity Market Growth in 2026

Macroeconomic Stabilisation:	<ul style="list-style-type: none"> i. Lower inflation trajectory (from tight monetary policy and improved food supply) would improve real returns on equities. ii. FX market stability following reforms to the exchange rate regime would reduce uncertainty for both local and foreign investors. iii. Improved GDP growth, supported by services, telecoms, agriculture, and manufacturing recovery.
Monetary Policy Easing & Interest Rate Dynamics	<ul style="list-style-type: none"> i. Lower yields on treasury bills and bonds would trigger portfolio reallocation from fixed income to equities. ii. Reduced funding costs would improve corporate profitability, especially for: <ul style="list-style-type: none"> • Banks • Consumer goods • Industrials

Drivers of Nigerian Equity Market Growth in 2026 (Cont'd)	
Corporate Earnings Recovery	<ul style="list-style-type: none"> i. Banks: Strong earnings driven higher interest income, and recapitalisation-led balance sheet expansion. ii. Industrial & building materials: Infrastructure spending and housing demand could lift cement and construction stocks. iii. Consumer goods: Earnings rebound as FX pressures ease and consumer purchasing power improves. iv. Telecoms: Pricing adjustments and data growth continue to support margins.
Banking and Insurance Sectors Recapitalisation	<ul style="list-style-type: none"> i. Ongoing bank recapitalisation increases market depth through: <ul style="list-style-type: none"> a. Rights issues b. Public offers c. New listings ii. Stronger capital adequacy boosts investor confidence and supports valuation. iii. Increased free float improves market liquidity. iv. Additional capital and premium that will provide liquidity in the equity market
Foreign Portfolio Investment (FPI) Inflows	<ul style="list-style-type: none"> i. Greater FX liquidity and repatriation confidence could attract FPIs back to Nigerian equities. ii. Nigeria's equities remain cheap on a valuation basis compared to frontier and emerging markets. iii. Inclusion in global frontier market strategies if FX reforms remain credible.
Pension Fund & Domestic Institutional Participation	<ul style="list-style-type: none"> i. Nigeria's growing pension assets provide stable, long-term capital. ii. Asset reallocation into equities if bond yields soften. iii. Increased participation improves market stability and depth.
Capital Market Development Initiatives	<ul style="list-style-type: none"> i. New products (ETFs, derivatives, green bonds). ii. Improved market infrastructure and trading systems. iii. Greater retail investor participation through digital platforms.

7.2.0 Risks to Watch

- i. Persistently high inflation and interest rates
- ii. FX volatility or policy reversal
- iii. Weak oil production or global oil price shocks
- iv. Political or regulatory uncertainty

Given that the probability of these downside risk factors materialising remains low, we anticipate that the Nigerian equity market will experience another bull year in 2026, supported by strong fundamentals, policy continuity, and sustained investor confidence.

7.3.0 Fixed Income Market

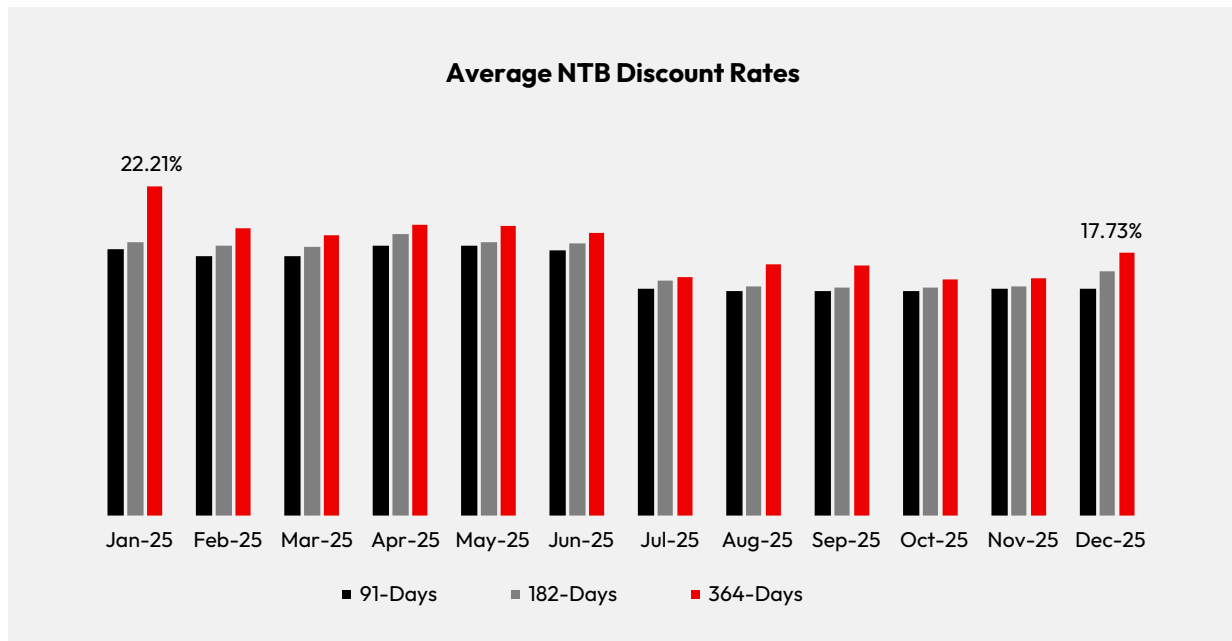
Interest rates and yields on fixed-income securities in Nigeria maintained a downward trend throughout 2025, driven by an improved macroeconomic environment and growing confidence in the short-term outlook of the economy. Recent reforms by the current administration and the Central Bank of Nigeria (CBN), coupled with declining inflation, currency stability, and sustained GDP growth, reduced the risk premium and encouraged investors to accept lower but predictable yields. All NTBs, Bonds, and Eurobond auctions during the year recorded strong oversubscriptions.

The decline in government bond yields also had a positive spillover effect on the private sector, as large corporates accessed cheaper funding through banks and the capital market via Commercial Papers (CPs). Smaller companies also tapped the CP market to raise working capital. This growth prompted the Securities and Exchange Commission (SEC) to extend the maximum tenor for CPs from 270 days to 365 days, a move that benefits both issuers and investors. Additionally, SEC strengthened its oversight role to protect investors and deepen market confidence. We expect this market to continue to grow and attract investors interest going into 2026 and beyond.

Monthly Average Yields on Nigerian Treasury Bill (NTB) 2025			
Tenor	January	December	Change
91 – Day	22.08%	15.74%	(6.34%)
182 – Day	21.95%	16.79%	(5.16%)
364 – Day	25.90%	20.28%	(5.62%)

Average Yields on FGN Bonds – 2025			
Tenor	January	December	Change
5-Year	21.44%	17.27%	(4.17%)
7-Year	21.97%	17.20%	(4.77%)
10-Year	18.10%	16.76%	(1.34%)

Eurobonds Secondary Market Yields			
Tenor	January	December	Change
5-Year	9.18%	6.39%	(2.79%)
7-Year	9.56%	7.15%	(2.41%)
10-Year	9.92%	7.31%	(2.61%)








Looking ahead to 2026, we expect yields in the fixed-income securities market to decline slightly further. This trend will be positive for the equity market and foster the development of alternative investment products such as Exchange-Traded Funds (ETFs) and Real Estate Investment Trusts (REITs). It will also encourage the issuance of corporate and government bonds at both state and federal levels. Despite the anticipated drop in yields, Nigerian fixed-income instruments remain attractive on a risk-adjusted basis compared to most other emerging markets.

We also expect heightened investor interest in government bonds in 2026, driven by their tax-exempt status. This will help retain long term foreign investor funds within the Nigerian financial market and increase foreign exchange supply, contributing to currency stability.

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8.0

2026 Outlook



8.0

2026 Outlook

Global Economy

Looking into 2026, the global economy is expected to remain on a stable trajectory. Global output is expected to ease slightly from 3.2% in 2025 to 3.1% in 2026. This slower growth is coming from US and China economies as the impacts of trade tariffs on the two largest economies continue to affect global economic growth.

Global Inflation and Monetary Policy

Inflation in major economies will continue to ease towards the target set by the central banks. This was supported by tight monetary conditions earlier implemented by major central Banks as discussed above, moderating commodity prices, and the gradual normalisation of supply chains. Consequently, the prevailing monetary policy rates are broadly adequate for expected inflation trends, and the likely path of monetary policy rates leans more toward easing rather than tightening.

Crude Oil Market

Looking into 2026, most forecasts point to a slightly tighter market. Demand is expected to strengthen modestly as global growth stabilises and mobility improves, but supply uncertainties remain. While OPEC+ may adjust volumes depending on price stability, non-OPEC output growth is expected to slow from its recent strong pace. In 2026, most projections assume oil prices will remain in the US\$54+/b region. Brent is expected to hover in the mid-\$55/b while Bonny Light price should maintain a price in the region of US\$57/b.

Global Equity and Fixed Income Markets

Key drivers of the global equity market in 2026 are: Monetary easing across major central banks; Tech cycle durability and Macro development across leading economies like US, UK, Euro Area and China. In the fixed income market, the combination of slowing global growth, easing inflation, and cautious rate cuts across major central banks should anchor yields at lower levels in advanced countries in 2026. Investment capital may likely continue to flow into Nigeria if the exchange rate remains stable.

Major Risks

Major risks to the global economy are: Geopolitical & Trade Wars; Supply Chain Disruptions; Debt Burden- High sovereign and corporate bonds; Financial & Monetary.

Regional Outlook

Sub-Saharan Africa is projected to experience moderate but resilient growth in 2026, with GDP growth rate more than 4.1%. Economic sentiment across the region remains broadly positive, supported by easing inflation, improving external financing conditions, and reform-driven growth momentum in several economies. Major economies like Nigeria and South Africa are expected to sustained expansion, with policy reforms, stronger governance, and macroeconomic stability supporting investment and business confidence.

WAEMU Region

The WAEMU region is expected to maintain a favourable growth trajectory. GDP growth rate for the region is projected to be 5.6% in 2026. Inflation for the region is projected to remain contained, assuming sustained monetary discipline and relative stability in global commodity prices, which should help preserve purchasing power and support domestic demand ending the year at 1.9% while 2.1% for 2026. With the right framework in place, we see significant carry trade opportunities within the WAEMU region. The prevailing low-interest-rate environment also creates room to mobilise long-term capital within the region to finance critical infrastructure development. Furthermore, this opens avenues for asset managers to design retail investment products—such as Collective Investment Schemes (CIS)—around these financing structures, ultimately benefiting retail investors across the region.

Nigerian Economic Outlook

United Capital Research projects a GDP growth rate of 5.45% for 2026 to be driven by the following sectors: manufacturing; real estate, construction, agriculture and agribusiness; information, communication and technology – digital economy and power and oil and gas, mining, renewables and infrastructure. We anticipate increased investment in the oil and gas sector from both existing operators and potential new entrants. The expansion of domestic refining capacity will help retain more value within Nigeria, creating jobs both within the industry and across the value chain.

Inflation and Monetary Policy

Inflation is projected to start around 20% in January and decline to single digits by December, with an average rate of 12.36% for the year. Key drivers of this expected drop include lower food and energy costs, FX stability, and the removal of Value Added Tax (VAT) on selected consumer items. The anticipated decline in inflation, the need to boost credit creation for inclusive growth, and the objective of moderating public sector liquidity will shape the monetary policy stance. We expect the CBN's Monetary Policy Committee (MPC) to lower the Monetary Policy Rate (MPR) to 25%, maintain an asymmetric corridor of +0.20%/-3.5%, set the Cash Reserve Ratio (CRR) for commercial banks at 40%, and increase the CRR on non-Treasury Single Account public sector.

External Reserves

Our forecast indicates that the external reserves will close the year at US\$50.1billion. This would be driven by foreign capital inflows, accelerated remittances from Nigerians in diaspora (CBN is targeting US\$1billion monthly), and increase in non-crude oil exports. The reserves level in 2026 should continue to support stable foreign exchange rate and inspire investor confidence in the Nigerian economy and financial markets.

Exchange Rate

We forecast an annual average exchange rate of US\$/N1,412 and ending the year at approximately US\$/N1,321. Key drivers of this outlook include expected improvements in external trade, increased capital inflows, and higher remittances from Nigerians in the diaspora.

Equity Market

The ongoing reforms in the Nigerian economy and financial system, initiated by the Federal Government and apex regulatory bodies, are expected to continue driving the equity market in 2026. United Capital Research projects that the NGX All-Share Index (NGX-ASI) will gain approximately 31% during the year, primarily from price appreciation in currently listed stocks. Furthermore, there are strong indications that major companies such as Dangote Fertilizer Limited, NNPC Limited, and leading fintech firms will list their shares on the NGX in 2026. These listings will significantly boost market capitalisation and could amplify overall market appreciation. While we expect such listing to attract fresh capital into the market, it may also trigger temporary reallocation of funds from existing stocks, causing short-term dips in the prices of currently listed companies.

Fixed Income Securities

We expect yields in the fixed-income securities market to decline slightly further. This trend will be positive for the equity market and foster the development of alternative investment products such as Exchange-Traded Funds (ETFs) and Real Estate Investment Trusts (REITs). It will also encourage the issuance of corporate and government bonds at both state and federal levels. Despite the anticipated drop in yields, Nigerian fixed-income instruments remain attractive on a risk-adjusted basis compared to most other emerging markets.

Forecast of Key Economic and Financial Market Variables			
S/N	Economic Indicators	2025	2026
1	GDP Growth Rate	4.02%	5.45%
2	Inflation Rate -Year Average	22.0%	12.36%
3	Monetary Policy Rate	27.00%	25.00%
4	Exchange Rate – Average	1,435	1,412
5	Crude Oil Production (mbd)	1.50	1.92
6	Crude Oil Prices (US\$b)	70.09	56.75
7	External Reserves (US\$ Billion)	46.10	50.10
8	91- Day Nigerian Treasury Bill Yield	15.74%	13.24%
9	182- Day Nigerian Treasury Bill Yield	16.79%	14.29%
10	364- Day Nigerian Treasury Bill Yield	20.28%	17.78%
11	FGN Bond – 5-Year Yield	17.27%	15.55%
12	FGN Bond – 7-Year Yield	17.20%	15.72%
13	FGN Bond – 10-Year Yield	16.76%	15.76%
14	Eurobond – 5-Year Yield	6.39%	6.19%
15	Eurobond – 7-Year Yield	7.15%	6.95%
16	Eurobond – 10-Year Yield	7.31%	7.11%
17	Equity Market – NGX ASI	51.19%	31.00%

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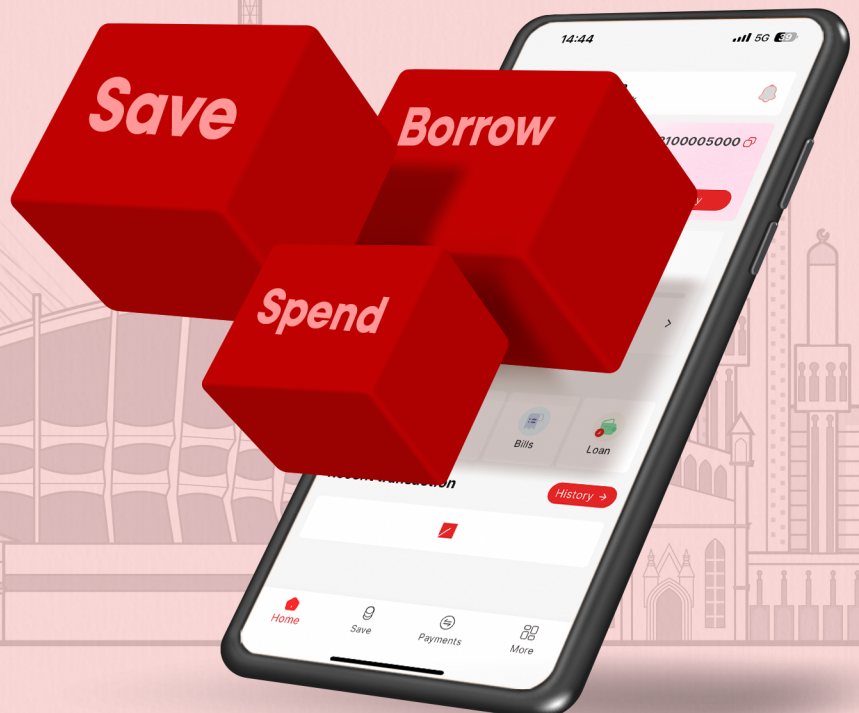
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9.0

Investment Strategy: Asset Allocations in 2026



9.0

Investment Strategy: Asset Allocations in 2026

Equity:

- a. **Focus on High-Return Equities:** Invest in companies with strong prospects for capital appreciation and consistent dividend payments (both interim and final), as highlighted in our recommendation table.
- b. **Dividend Reinvestment:** Reinvest all dividends received to compound returns over time.
- c. **Dynamic Portfolio Management:** Move between stocks based on market conditions and upon reaching target prices.
- d. **Tax Efficiency:** Avoid withdrawing funds from stockbroking accounts to minimise Capital Gains Tax (CGT) exposure.
- e. **Seek Guardian:** Your investment Adviser will always be there to guide you throughout the year.

Mutual Fund:

- a. **Select a trusted Mutual Fund Manager:** Speak with a trusted mutual fund manager like United Capital Asset Management Limited that has historical good performance and duly registered with the SEC.
- b. **Blend the Assets:** Ensure that you invest in balanced fund which has exposure to blended instrument, from fixed income and equity to maximise the return.
- c. **Grow the Investment Periodically:** Ensure you invest regularly throughout the year so that the fund compounds.

Bond:

- a. **Tap into Tax Advantage:** Interest received from bond investments are now tax exempt. Leverage on this to grow your investment.
- b. **Go Long:** Select the bond that has long duration and with high yields/coupon.
- c. **Reinvest the Coupon:** Ensure the periodic coupon (interest payment) is reinvested either in the bond portfolio or in a mutual fund portfolio to compound the return.
- d. **Leverage Portfolio:** You can also leverage the bond portfolio to take advantage of the opportunities in other asset class – particularly equities or alternatives.

Nigerian Treasury Bill (NTB):

- a. **Go Long:** Select the 364-Day NTB which has highest yields.
- b. **Leverage Portfolio:** You can also leverage the NTB portfolio to take advantage of the opportunities in other asset class – particularly equities or alternatives.

Commercial Paper (CP):

- Go Long:** Select a 364-day CP offering strong yields from a company with a solid business model and healthy cash-flow outlook.
- Seek Expert's Advice:** Your investment Adviser will always be there to guide you on the best CP to invest in to achieve your goal.

Alternatives:

- Tax Advantage:** ETFs/REITs have tax advantage under the new tax law.
- Seek Expert's Advice:** Expert guidance is required to choose ETFs or REITs that match your investment goals.

Stock Recommendation				
S/N	Company	Current Price	Target Price	Upside
1	Sterling Financial Holdings Company	7.05	10	41.8%
2	International Breweries	14.25	20	40.4%
3	United Bank for Africa Plc	43	60	39.5%
4	Access Holdings Plc	23	32	39.1%
5	Aradel Holdings Plc	720	1000	38.9%
6	Mutual Benefits Assurance Plc	3.41	4.7	37.8%
7	C & I Leasing Plc	7.5	10	33.3%
8	Transnational Corporation Plc	45.4	60	32.2%
9	Zenith Bank Plc	64.5	85	31.8%
10	Julius Berger Nig. Plc	152	200	31.6%
11	FCMB Group Plc	11.5	15	30.4%
12	Nestle Nigeria Plc	1958	2550	30.2%
13	AllCO Insurance Plc	3.88	5	28.9%
14	AXA Mansard Insurance Plc	13.7	17.52	27.9%
14	Dangote Cement Plc	609	778	27.8%
16	MTN Nigeria Communications Plc	511	650	27.2%
17	P Z Cussons Nigeria Plc	45	57	26.7%
18	Lafarge Africa Plc	134.5	170	26.4%
19	BUA Cement Plc	178.5	220	23.2%
20	Wema Bank Plc	20.8	25	20.2%
21	Transcorp Power Plc	307	365	18.9%
22	Seplat Petroleum Development Company	5610	6500	15.9%

Expected Return on Our Model Portfolio – One Year Holding Period			
Asset Class	Expected Returns	Asset Allocation	Weighted Return
Equity Portfolio	31.0%	50.0%	15.5%
Mutual Funds of Blended Assets	24.0%	20.0%	4.8%
Bond - Tax Equivalent Yields	18.8%	10.0%	1.9%
Treasury Bills	13.6%	5.0%	0.7%
Commercial Paper	18.9%	7.0%	1.3%
Alternatives - ETFs, REITs, Commodities, Private Credits/Notes, etc	23.5%	8.0%	1.9%
Portfolio Return		100.0%	26.1%

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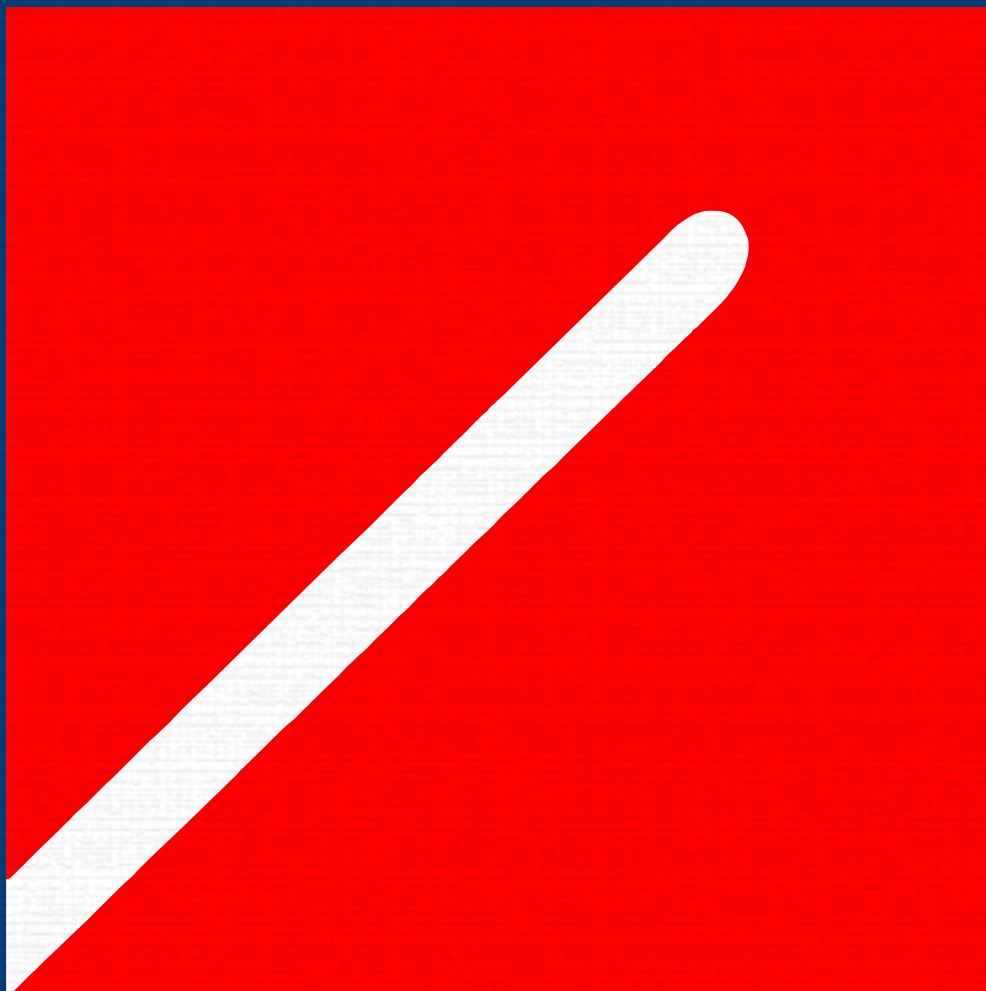
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