

SECTORS TO WATCHOUT FOR IN 2025

Oil & Gas



Precisely on May 8, the government invited investors to bid for 12 oil blocks and seven deep offshore assets in the 2024 marginal fields bid round. 17 new deep offshore blocks were eventually added to the 2024 Licensing Round.

FG recently re-engineered Nigeria's oil bidding process with emphasis on production bonus in order to enable investors channel their scarce resources into immediate development and early production. The NUPRC revealed some of these incentives; the removal of entry barriers, including the slashing of the signature bonus to only \$10.0mn for deepwater assets and \$7.0mn for shallow water and onshore assets.



Cement & Construction



Given the N16.48trn budgeted as CAPEX in 2024 (89.4% higher than the N8.7trn), we expect construction and cement companies with a strong spell in the sector, in terms of capacity, to reap the dividends via contracts, which will impact positively on their revenue.





2025 STRATEGY: EQUITIES MARKET

■ 2025 EQUITIES STRATEGY: “CORE-SATELLITE STRATEGY”

The Core-Satellite Strategy:

The Core-Satellite Strategy enables a portfolio to maintain stability through core holdings, while positioning for growth-oriented opportunities as interest rates are anticipated to ease.

Components Breakdown:

Core Holdings (Stability & Cash Flow): This component of the strategy involves being overweight (60-80%) on stable, income generating assets such as dividend paying equities, equities with long-term value plays (select-growth stocks).



The Core Component:

Objectives: To provide steady returns, align with market performance, and ensure low portfolio turnover

Common Investments: Broad market index funds (like S&P 500 ETFs), large-cap stocks, or diversified bond funds.

Recommendable Free float: For a company to qualify as a core holding in a portfolio, a recommendable free float is generally above 50.00%. This is because, a higher free float is beneficial for core portfolio holdings to ensure portfolio liquidity & stability, reduced volatility. Also, these stocks often have heightened market confidence.

Satellite Positions (Opportunistic Growth): This component rides on an improved cash position, as it involves opportunistic investments in growth-oriented stocks with strong underlying market sentiments and fundamentals. Most importantly, this component focuses on equities likely to benefit from inflation & MPR easing.



The Satellite Component:

Objectives: To enhance the portfolio's returns by capturing specific market trends or taking advantage of short-term opportunities.

Common Investments: Sector-specific funds, small-cap stocks, emerging markets, growth stocks, or alternative assets (like REITs or commodities).

Recommendable Free float: For a company to qualify as a core holding in a portfolio, a recommendable free float ranges between 20.00% and 50.00%. Because satellite holdings tend to be more volatile or niche investments, the moderate free float range ensures liquidity for opportunistic trades.

MODEL CORE-SATELLITE PORTFOLIO FOR 2025

A Model of Core-Satellite Allocation for 2025

Portfolio Segment	Allocation	Investment Type	Sector	Asset	%	NGX Free Float (%)	Beta	EPS	Sh/Price	Earnings yield (%)	Div. Yield (%)	P/E Ratio
Core	70%	Equities	Banking	UBA	20%	92.18%	0.95	14.78	33.00	44.79%	13.03%	2.23
			Oil & Gas	Aradel	15%	99.83%	n/a	25.45	533.80	4.77%	3.75%	20.97
			Banking	Fidelity	12%	99.03%	0.98	7.02	15.00	46.80%	9.67%	2.14
			Conglomerate	UACN	10%	93.90%	0.98	4.67	20.15	23.18%	4.07%	4.31
			Power	Trans Power	8%	100.00%	n/a	7.79	359.90	2.16%	2.78%	46.20
			Cement	Larfarge	5%	100.00%	0.92	3.73	38.75	9.63%	7.30%	10.39
Satellite	20%	Equities	FMCG	Unilever	8%	24.04%	0.86	1.92	24.00	7.98%	6.25%	12.52
			Agric	Okomu	8%	31.62%	0.59	29.71	338.10	8.79%	7.10%	11.38
			Brewery/FMCG	Guinness	2%	49.81%	0.48	-5.55	65.00	-8.54%	na	-11.71
			Oil & Gas	Eterna	2%	37.15%	1.72	0.12	24.80	0.46%	0.60%	215.42
Short-term	10%	TBD	TBD	Money/Fixed Income Market	10%	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Σ: 100%												

Trend Indicator

Momentum Indicator

S/N	Ticker	MACD Signal	DMI	ADX	ROC	RSI Status
1	UBA NL Equity	Bearish Signal	Bullish	Strong Trend	Bullish Momentum	Oversold
2	ARADEL NL Equity	Bullish Signal	Bearish	Strong Trend	Bearish Momentum	Oversold
3	FIDELITY NL Equity	Bullish Signal	Bullish	Strong Trend	Bullish Momentum	Oversold
4	UACN NL Equity	Bullish Signal	Bullish	Weak trend/ Consolidation	Bullish Momentum	Oversold
5	TRANSPOW NL Equity	Bearish Signal	Bearish	Strong Trend	Neutral	Overbought
6	WAPCO NL Equity	Bullish Signal	Bullish	Strong Trend	Bullish Momentum	Overbought
7	UNILEVER NL Equity	Bullish Signal	Bullish	Strong Trend	Bullish Momentum	Overbought
8	OKOMUOIL NL Equity	Bullish Signal	Bullish	Strong Trend	Bearish Momentum	Oversold
9	GUINNESS NL Equity	Bearish Signal	Bearish	Strong Trend	Bearish Momentum	Oversold
10	ETERNA NL Equity	Bearish Signal	Bearish	Strong Trend	Bearish Momentum	Oversold