



CARDINALSTONE

At the Precipice of a **STRATEGIC SHIFT**

Nigeria: 2024 Mid-Year Outlook

Review

Outlook

Strategy

July 2024

Table Of Contents



01

INTRODUCTION

- ◆ Table of contents
- ◆ Executive summary

02

DOMESTIC ECONOMY

- ◆ Consolidating growth through social investment
- ◆ In pursuit of high-yield taxes
- ◆ Last mile for rate hikes as inflation peaks
- ◆ Naira stability - A top priority of the CBN

03

ASSET ALLOCATION GUIDE

- ◆ Embrace incredibly cheap bonds; be wary of re-investment risks on short-dated FIs
- ◆ Domestic equities strategy: Macro dynamics unearth entry opportunities amid material mispricing
- ◆ Domestic fixed income strategy: Go long and go big

04

DISCLOSURES



Executive Summary

The global economy is dynamic. Hence, investment strategy must evolve to keep pace and remain relevant. This task is complicated by the differing outlook perspectives of market watchers, with a handful foreseeing an imminent recession in the US capable of fanning a flight to safety - particularly in the face of elevated fixed-income yields and the harsh lessons from equity market crises in previous recessions. A growing number of investment thought leaders are also simultaneously aligning with the IMF on the prospect of a safe landing for the global economy at the other extreme. Beneath this dichotomy is the consensus that global yields may have reached inflexion, and that duration-building must now gradually replace cash and other short-duration plays as re-investment risks loom large. However, such consensus has no place in current equity strategies as approaches to imminent recession and a safe landing may differ in the immediate term, given historical precedence. An interesting twist to this impasse is the potential place of the possibility of overheated equity markets in this discourse, with leading indices clearly trading at PEs above their 10-year mean levels.

For us, the case for Nigeria is less cumbersome as investors may have reached the precipice of a strategic shift. Fixed-income yields are high and probably unsustainable; the government appears to be ahead of its 2024 borrowing plans; the exchange rate looks

relatively stable vs Q1'24; and inflation looks set to dip on the impact of the high base effect starting from H2'24. A combination of these factors clearly favours a longer duration fixed-income strategy and a careful watch on re-investment risks linked with currently attractive short-dated FI instruments. In a sense, FI investors may be mindful not to eat the future now by overly focusing on the allure of currently elevated effective yields on T-bills and commercial papers at the expense of locking down north of 21.0% annual interest rate on government bonds for a more extended period. On this wise, we recommend an increasing tilt towards long duration and a calculated gradual de-emphasizing of short duration.

Similarly, the view on elevated interest rates for 2024 supports our sanguine position on sectors with positive interest rate exposure, like banking. Our positive view of the upstream oil and gas sector and stocks with lower leverage positions, net long or low net short FX exposures, and robust cash is also consistent with our macroeconomic outlook, reinforcing the confidence in our analysis. We expect savvy investors to juxtapose these strategic plays with tactical opportunities likely to be opened by the chain of corporate actions that appear queued up in the near term.

Analysts

Stephen Chima
stephen.chima@cardinalstone.com



Ifeanyi Osele
ifeanyi.osele@cardinalstone.com



Tomiwa Adeniji
tomiwa.adeniji@cardinalstone.com



Abeebblahi Rufai
abeebblahi.rufai@cardinalstone.com



Samuel Gbadebo, ACA
samuel.gbadebo@cardinalstone.com



Oluwakemi Abiodun
oluwakemi.abiodun@cardinalstone.com



Adebayo Adebajo, ACA
adebayo.adebanjo@cardinalstone.com



Ngozi Odum, MBA
ngozi.odum@cardinalstone.com



Olaolu Boboye, ACA
olaolu.boboye@cardinalstone.com



Philip Anegebe, CFA
philip.anegebe@cardinalstone.com



INVESTMENT RESEARCH
Research@cardinalstone.com

SECURITIES TRADING
is@cardinalstone.com
(234) 7100 433





Domestic Economy

Consolidating growth through social investment

While Nigeria's economic growth has remained stable at around 3.0% over the past three years, the country's output gap remains wide due to weak labour productivity and lower GDP per capita. A major contributing factor is the 'Japa syndrome', with many Nigerians seeking opportunities abroad, translating to a shortage of highly skilled workers. According to the International Organisation for Migration (IOM), approximately 260,000 Nigerians applied for visas to leave the country in 2023, marking the highest number on record. With human capital flight expected to remain pronounced and Nigeria ranking 7th lowest on the global human capital index, there are increased risks to labour productivity and overall economic growth. Elsewhere, the tight monetary conditions have also stained business

activities, with notable drops in business confidence and profitability, especially in sectors (manufacturing, construction, real estate, and trade) sensitive to interest rate movement. For more context, we note that private borrowings (commercial papers and corporate bonds) in the first quarter of the year dropped to the lowest level in 5 quarters.

Furthermore, the increasingly tough macroeconomic environment, including currency-related issues, declining disposable incomes, unreliable power supply, and congested ports, have added layers of difficulty to business productivity, prompting some companies to exit the country.



Business profitability has been severely strained, with 65.0% of non-banking stocks on the NGX 30 reporting foreign exchange losses in Q1'24. This strain on profitability has broader implications for government revenues from company income tax (CIT), which fell by 12.9% QoQ in the first quarter of 2024.

Additionally, rising inflation, particularly in essentials such as food, transport, and housing, has driven more Nigerians into poverty than any other economic factor in recent years, negatively impacting domestic consumption and growth. The poverty rate is estimated at 40.3% of the population, with about 90.2 million Nigerians living below the poverty line.

Figure 1: Nigeria's GDP per capita on a downward trend

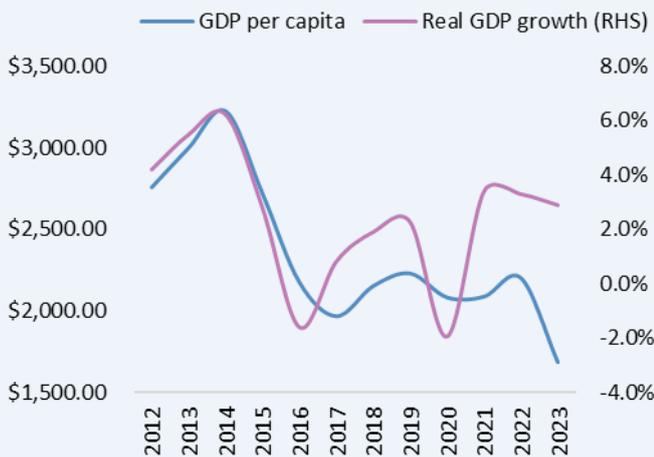
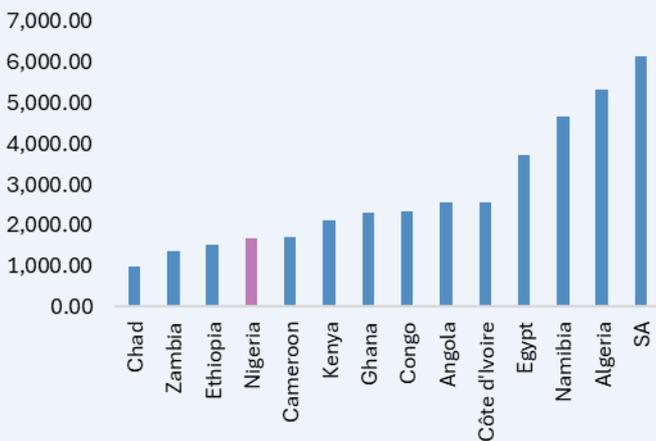


Figure 2: Nigeria ranks low in GDP per capita (\$) in Africa



Sources (figure 1, 2, & 3): World Bank, CardinalStone Research

Sources (figure 4): NBS, CardinalStone Research

Sources (figure 5): ICIR, CardinalStone Research

Figure 3: Nigerians (million) living below the poverty line



Figure 4: Business profitability slumped to a historic low on tough macro conditions

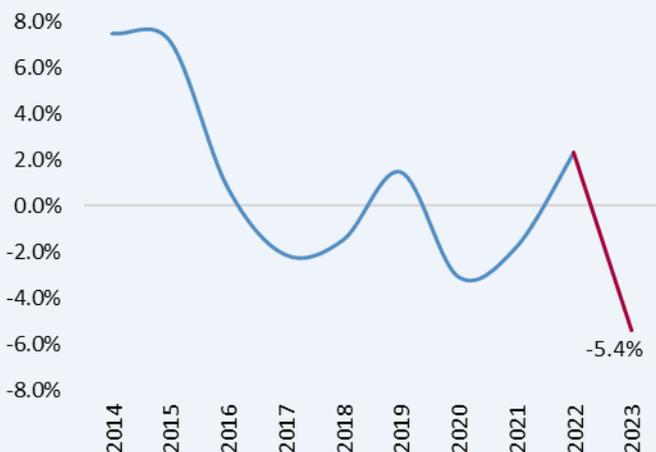


Figure 5: Some companies that exited Nigeria in the last 1-year

Company Name	Industry	Exit reasons
GlaxoSmithKline	Pharmaceutical	FX issues and declining revenues
Sanofi-Aventis	Pharmaceutical	High operational costs
Bolt Food	Food	Need to streamline resources & enhance overall efficiency.
Jumia Food	Food	Increasing cost of production
Procter & Gamble	FMCG	FX issues and tough business environment
PZ Cussons	FMCG	FX issues and declining sales
Kimberly-Clark	FMCG	Rising costs and declining margins



Rising food insecurity requires urgent intervention

Over the last year, food insecurity has become more pronounced in Nigeria, stemming from rising input costs, low crop production yields, persistent insecurity, and low mechanisation. These highlighted factors have prompted the United Nations (UN) to estimate that around 26.5 million Nigerians will face severe food insecurity in 2024. The Cadre Harmonise supports the UN's assessment in its Food and Nutrition Insecurity (FNI) report, which was conducted across 26 states and the FCT. The analysis revealed that 24.9 million people (12.5% of the analysed

population) are in critical (Crisis to Emergency) phases of FNI, which requires prompt intervention from fiscal authorities. Current dynamics indicate that Nigeria is struggling to meet the four pillars of food security: availability, access, utilisation, and stability. Food inaccessibility seems to be the most pronounced, as 28-year high food inflation has made food unaffordable while purchasing power remains largely weak due to lower real wage growth.

Figure 6: Food inflation at a 28-year high has amplified food insecurity

Naira per 1kg unless otherwise stated	2018	2021	2024
Beans	395.19	378.82	1,387.90
Bread 500g	278.61	306.16	1,092.40
Garri	208.21	276.33	851.81
Groundnut oil (1 bottle)	584.47	689.19	2,231.82
Palm oil (1 bottle)	486.84	578.86	1,634.05
Plantain	262.31	253.02	1,009.05
Rice	322.54	442.39	1,487.91
Tomato	289.49	277.26	1,123.41
Titus fish	898.62	1,091.20	3,395.05
Yam tuber	279.61	252.80	1,130.37

Sources: NBS, CardinalStone Research

Figure 7: Nigeria lags peers in crop yield (tonnes/hectare unless otherwise stated)

	Maize	Rice	Roots and Tubers	Sugar Cane	Vegetable Oils (production/capita kilos)	Wheat	Milk (tonnes per cow)
Nigeria	2.20	1.50	8.20	15.30	9.70	1.50	0.20
Egypt	7.20	6.40	6.00	110.80	19.80	6.40	0.70
Ethiopia	4.80	1.90	2.20	44.70	0.60	3.30	0.20
South Africa	5.50	n.a.	4.90	66.50	0.00	4.20	4.50
Angola	1.10	1.20	9.81	38.90	0.03	0.88	n.a.
Ghana	3.00	3.90	19.20	24.46	7.10	0.00	0.60
Africa	3.30	1.50	16.00	66.45	5.39	2.50	132.01
Paraguay	5.40	4.60	5.50	59.90	110.30	2.70	2.20
Ukraine	7.20	3.70	4.20	n.a.	166.70	4.20	3.70
Indonesia	5.60	3.30	10.70	51.90	177.70	1.00	1.10
Malaysia	7.10	2.30	8.10	n.a.	686.90	1.00	0.50
Pakistan	5.00	2.40	4.50	n.a.	7.90	2.80	1.20
China	6.30	4.80	5.80	n.a.	19.50	5.60	2.40
Philippines	3.20	2.70	3.10	n.a.	17.00	1.00	2.70

Sources: World Bank, FAO, USDA, CardinalStone Research

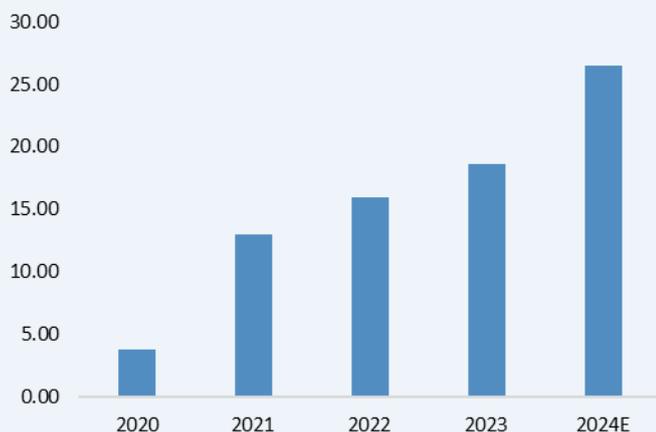


Figure 8: Farm machinery per unit of farmland



Sources: IMF, CardinalStone Research

Figure 9: About 26.5 million Nigerians expected to face food insecurity in 2024



Sources: IMF, UN, CardinalStone Research

Clamour for higher wages as elevated inflation amplifies poverty

The biting inflation has propelled organised labour to clamour for a higher minimum wage of N494k, which the government indicates could result in an annual expenditure of N9.5 trillion. In our view, we expect the Tripartite Committee on National Minimum Wage to agree to N80k, which will likely cost the government about N1.5 trillion in annual personnel costs. While higher wages could increase inflationary risk if production does not keep pace, we expect the impact of the high base effects and expected moderation in AGO prices due to lower price sales from the Dangote Refinery to cap the scope for a strong YoY increase in the broad CPI reading.

In addition, wages have historically had a weak correlation with inflation (0.28 over the last 12 years), possibly due to Nigeria's inflation computation methodology. In any case, we are of the view that higher wages could support recovery in domestic consumption, with a positive pass-through to the economy.

Outlook

As highlighted in our Q1'24 GDP report, the economy grew slower by 3.0% YoY (vs 3.5% YoY in Q4'23) due to the troika factors of material currency devaluation, rising interest rates and weak purchasing power, which masked the positive pass-through from the lower base effect. Nevertheless, we project the economy to recover over the course of the year, supported by a gradual pick in domestic consumption due to a likely moderation in inflation and higher wages. Furthermore, we expect the less aggressive CBN's action and relative currency stability to bode well for business in H2'24, with a positive pass-through to the economy.

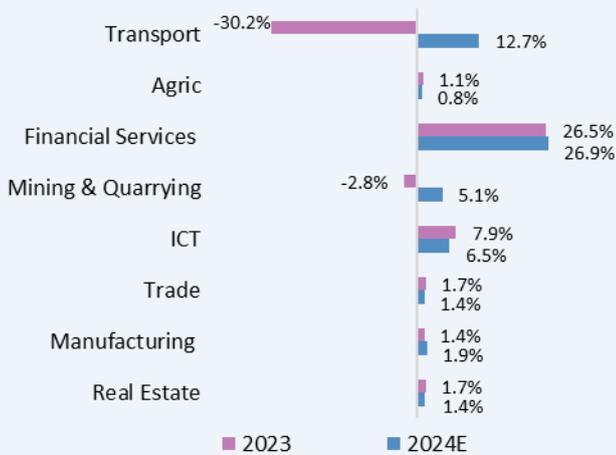
From an output perspective of GDP, we expect the oil sector to be the crux of growth in 2024, aided largely by a low base effect and a modest increase in average oil production to 1.57Mb/d from 1.43Mb/d in 2023. We project oil growth to print 7.2% (vs -2.2% in 2023 and the 5-year average of -6.8%).

On the non-oil sector front, we expect growth to print 3.0% in 2024, unchanged from the 2023 levels. Our flattish growth expectation reflects the depressing outturn in the agricultural output, as the sector remains susceptible to insecurity concerns. Also, the Nigerian Meteorological Agency (NiMet) has projected a rainfall deficit, which will likely cap harvest and reduce output.

Elsewhere, while we expect the services growth to improve to 4.4% in 2024 from 4.2% in 2023, reflecting improved transport GDP, most of the heavyweight services sub-sectors will grow at a slower pace. For context, the ICT sector may be constrained by the NIN-SIM linkage, which will likely reduce telecommunication subscriber growth. Also, with policy rates still elevated, interest-rate-sensitive sectors like real estate and trade are likely to see a moderation in growth levels relative to the prior year. Overall, we expect GDP growth to print 3.3% (vs 2.7% report in 2023 and a 3-year average of 3.1%).



Figure 10: Growth across different sectors of the economy



Sources: NBS, CardinalStone Research

Figure 11: Growth to settle at 3.3% in 2024



Sources: NBS, CardinalStone Research

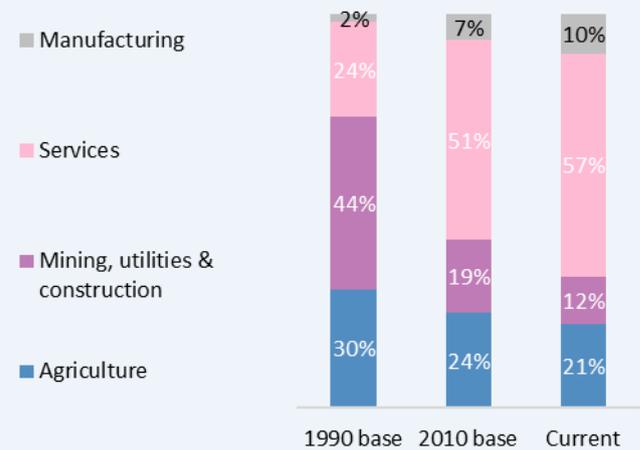
Nigeria to rebase GDP

Nigeria is looking to rebase the GDP, a process that involves replacing an old base year with a more recent base year. The country currently uses 2010 as the base year, and it is considering 2019 as the new base. In line with the IMF's guidance, more recent years (2020 – 2023) were avoided as the base year due to the Covid implications. We expect the rebasing exercise to result in the reshuffle of the GDP weights, with the services sector likely to get the most traction.

Our prognosis stems from the expected impact of banking sector recapitalisation, rapidly growing entertainment industry, rising e-commerce business segments, fintech explosion, and large traction of foreign inflows to the services (the services sector has received c.\$31.8 billion foreign inflows in the last 5 years, accounting for an average of 60.6% of total inflows). The increased services size will likely push the Agric sector contribution lower, while other sectors could remain unchanged from current levels.

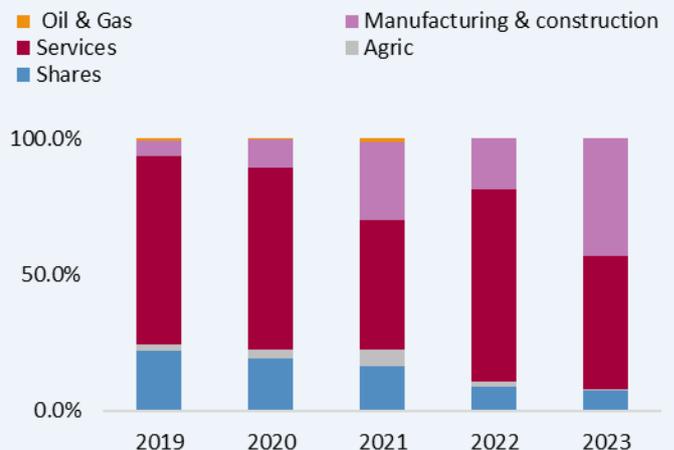
Furthermore, suppose we assume the last GDP rebasing as a guide, we expect Nigeria's economic size in nominal terms to increase by over 70.0%, which will likely support the \$1.0 trillion economic target of the government.

Figure 12: Services sector GDP weight surged after the 2012



Sources: NBS, CardinalStone Research

Figure 13: The services sector has large interest from foreign providers of capitals



Sources: NBS, CardinalStone Research

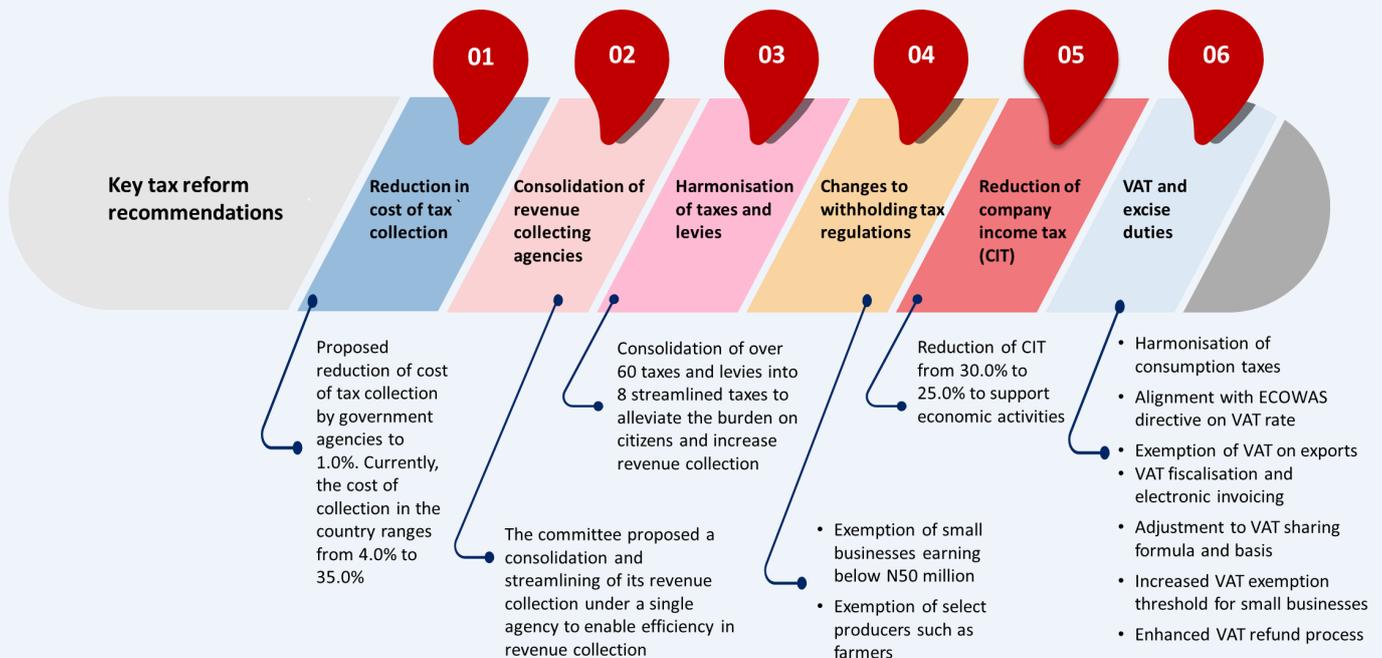


Fiscal Position: In pursuit of high-yield taxes

Despite Nigeria's collection of over 60 taxes and levies across the country, the tax buoyancy coefficient has settled at 1.0 in the last 12 years, indicating that a 1.0% increase in GDP has led to an average increase of 1.0% in tax revenue collection. Nevertheless, due to weak revenue mobilisation, tax buoyancy has fallen below 1.0 since 2022 and is lagging behind those of select African peers. Consequently, the

Presidential Fiscal Policy and Tax Reforms Committee plans to optimise Nigeria's tax system, with intentions to reduce the cost of collection and the overall number of taxes, focusing mainly on high revenue-yielding taxes, which are easy to collect and less burdensome on the poor and small businesses.

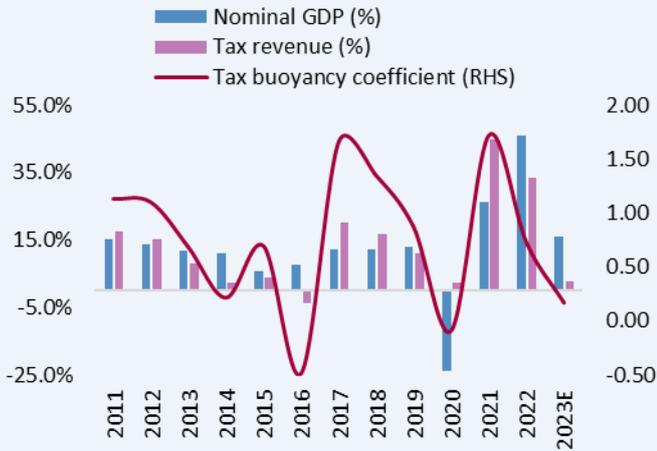
Figure 14: Some key tax reform recommendations by the Presidential Fiscal Policy and Tax Reforms Committee



Sources: Presidential Committee on Fiscal Policy & Tax Reforms, CardinalStone Research



Figure 15: Nigeria's tax buoyancy has been less impressive in recent years



Source: Budget Office, CardinalStone Research

In addition to the key reforms suggested by the committee, we advise a reduction of the large tax expenditure incurred by the country. Tax expenditures are government losses from tax exclusions, exemptions, deductions, credits, deferrals, preferential tax rates and cost of tax collection. According to the Ministry of Finance, the total gross revenue foregone due to tax expenditures between 2020 and 2023 was estimated at N23.3 trillion, averaging N5.8 trillion annually in the same period. The reform efforts from the committee, coupled with an aggressive reduction in tax expenditure, are likely to help the government achieve its target at tax to GDP of 18.0% by 2026.

Figure 16: Tax expenditure continues to consume a significant portion of government's gross tax revenue (N' trillions)

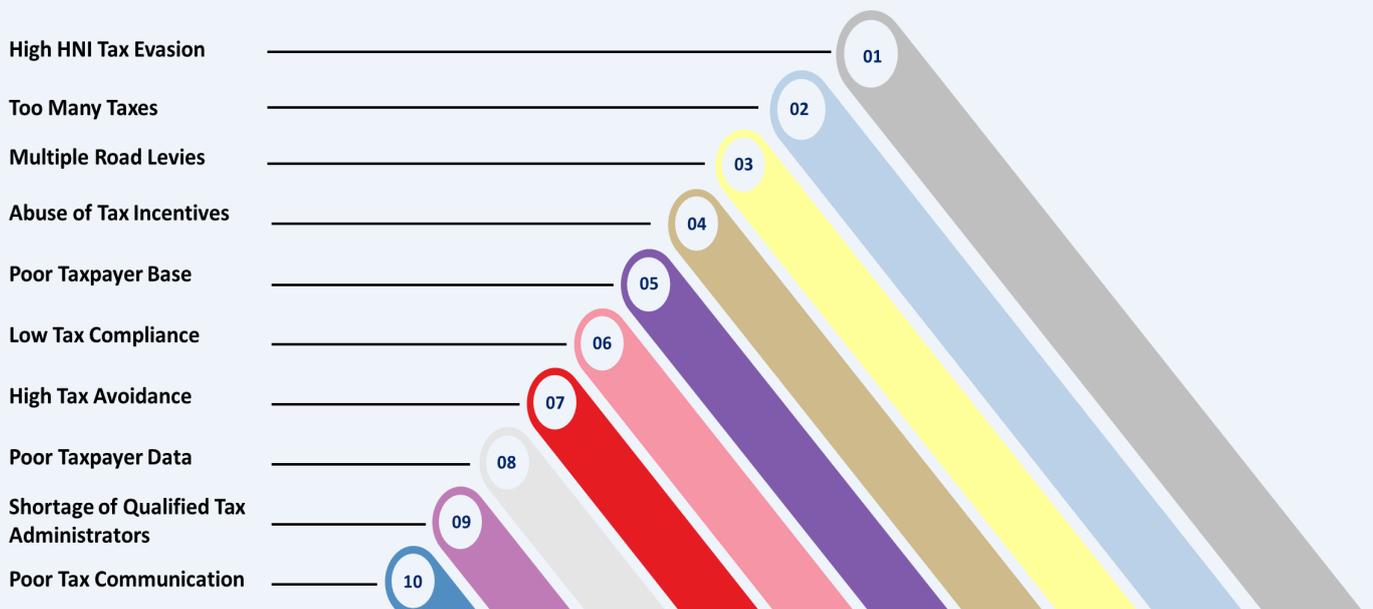


Source: Budget Office, Ministry of Finance, CardinalStone Research

*B implies budgeted

Nigeria has one of the lowest tax revenue-to-GDP ratio in the SSA region (c.10.8%).

Figure 17: Top tax-related problems in Nigeria



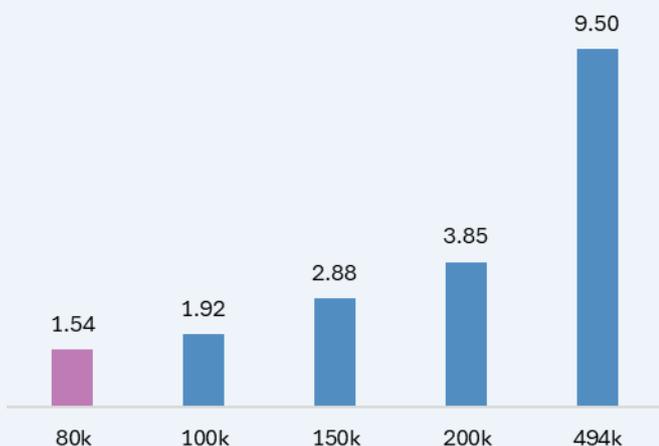
Source: World Bank, Ministry of Finance, CardinalStone Research



Supplementary budget may be needed to cater for minimum wage

We project that the government deficit will reach N10.50 trillion (4.4% of GDP) in 2024, marking the highest level since the COVID-19 pandemic. This projected deficit aligns with the government's extensive spending plans, which encompass a new minimum wage and substantial debt servicing costs, potentially exacerbated by elevated local interest rates. Nonetheless, we anticipate the government will likely introduce a supplementary budget, as the minimum wage demands from organised labour may exceed the government's initial budget. Should the tripartite committee—comprising the government, the Nigeria Labour Congress (NLC), and the Trade Union Congress (TUC)—agree on an N80,000 minimum wage, this could cost the government approximately N1.50 trillion. Additional factors posing an upside risk to the fiscal deficit include ongoing PMS and electricity subsidies, weak oil revenues, and potentially lower corporate income tax (CIT) revenues due to reduced corporate profitability.

Figure 18: Sensitivity of different minimum wage levels and respective personnel cost (N' trillion)



Source: Ministry of Finance, CardinalStone Research

Figure 19: Fiscal deficit to settle at 4.5% of GDP in 2024



Source: Budget office, IMF, CardinalStone Research

Rising debt and sustainability worries

Nigeria's debt trajectory continues to climb, with the total debt rising by N24.33 trillion to N121.67 trillion (\$91.46 billion) in the first quarter of 2024. Notably, 74.6% of this increase in total debt stemmed solely from the adverse currency movement, with organic debt settling at N6.18 trillion. The significant rise in domestic borrowings marks the second highest on record for a single quarter, indicating the gradual repayment of the outstanding Ways and Means financing from the Central Bank of Nigeria (CBN). For context, after the securitisation of N22.7 trillion in June 2023, the outstanding balance was reduced to N8.2 trillion by the end of 2023. Of this remaining balance, the Minister of Finance announced that the Federal Government of Nigeria (FGN) paid N7.3 trillion to the CBN in H1'24.

IMF has assessed Nigeria as having a moderate risk of sovereign debt distress, reflecting the long maturity structure of debt (13 years) and moderate gross financing needs. Further accretive benefits are expected from the sustained upside potential of the GDP, especially with plans to rebase and likely interest rate moderation in the near term. However, global uncertainties, FX-related concerns, and weak revenue mobilisation portend downsides.



Figure 20: Nigerian debt flows (N' trillion)

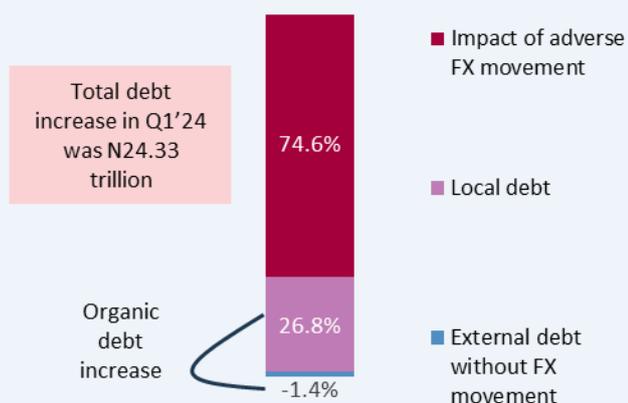


Figure 22: Nigeria's debt maturity composition (% of GDP)

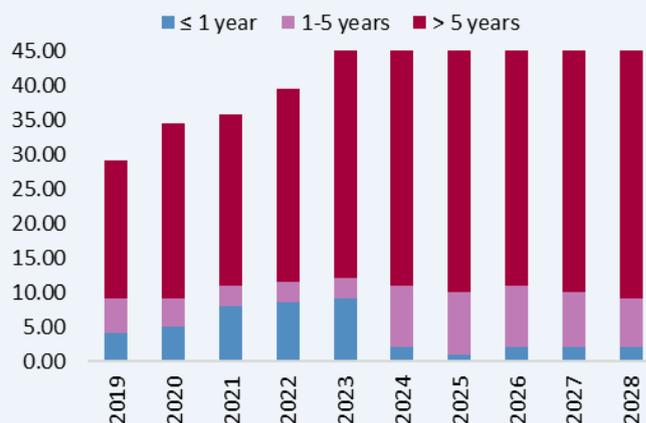


Figure 21: Breakdown of the Ways and Means (N' trillion)

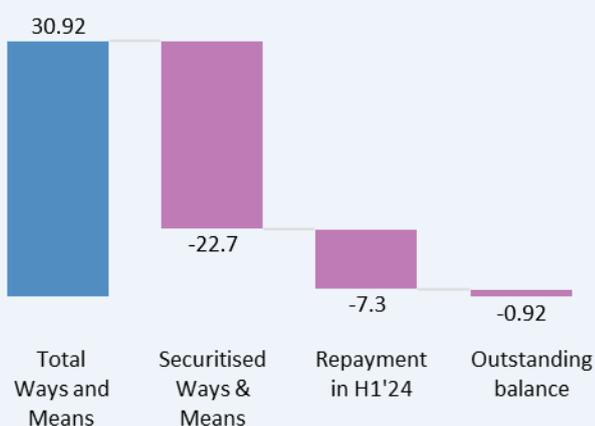


Figure 23: Debt to GDP to remain fairly stable in the near term



Source: Budget office, IMF, DMO, CBN, CardinalStone Research

Figure 24: Credit ratings outlook appear mostly positive for Nigeria

Rating Agencies	Current Ratings	Outlook	Date of last update	Rationale
Fitch	B-	+	May-24	Reforms to restore macroeconomic stability and enhance credibility such as exchange rate liberalization and re-introduction of orthodox monetary policies
S&P	B-	○	Feb-24	Laudable monetary, economic, and fiscal reforms, including the liberalisation of the FX market, the partial elimination of the fuel subsidy, and steps taken to boost non-oil revenues and domestic refining capacity
Moody	Caa1	+	Jun-24	Improvements in Nigeria's external balance, clearing of FX backlogs, hawkish monetary disposition, and expected positive changes in the economy

Source: Fitch, S&P, Moody, CardinalStone Research

Indicators: + Positive ○ Stable



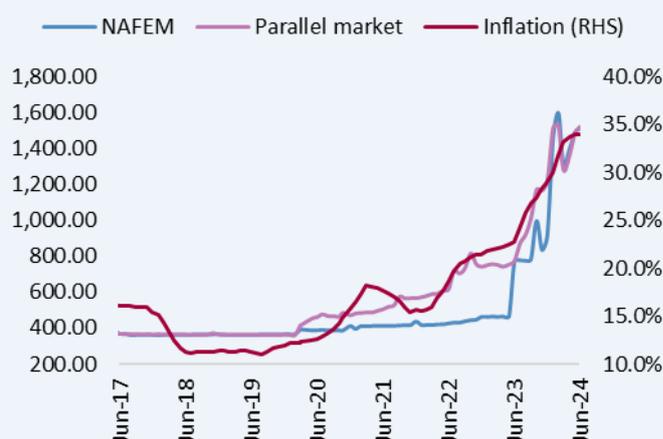
Monetary Policy: Last mile for rate hikes as inflation peaks

Nigeria's headline inflation remains at a 28-year high, with adverse currency movements accounting for 35.0%-40.0% of the price increases. For context, aside from the direct impact on the core inflation, the weaker currency made Nigerian grains one of the cheapest in West Africa, fuelling increased buying competition from neighbouring countries and propping up domestic food prices. Low agro productivity — a consequence of the unabated insecurity, lower-than-average rainfall, and high input costs — added another layer of pressure on food prices.

However, there are signs that inflation may have peaked. This is supported by the recent moderation in MoM inflation and the slower pace of YoY inflation increases. This moderation is partly attributed to Dangote's reduction of AGO prices in April from an average of N1,341.16 per litre (depending on location) to N1,000.00 per litre, with a further reduction to N940.00 per litre. Additionally, the recent stability of the Naira, resulting from the CBN policy measures and aggressive rate hikes (YtD: +750 basis points), appears to have provided some relief.

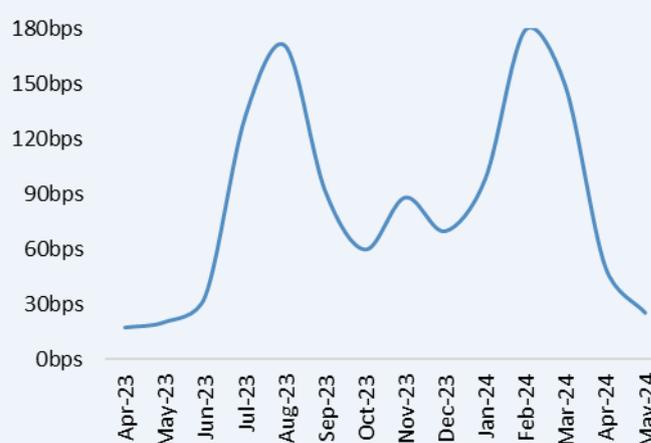
Headline inflation may have peaked, supported by the moderation in MoM reading in the last 3 months

Figure 25: Nigeria's Inflation is highly sensitive to FX movements



Source: NBS, FMDQ, CardinalStone Research

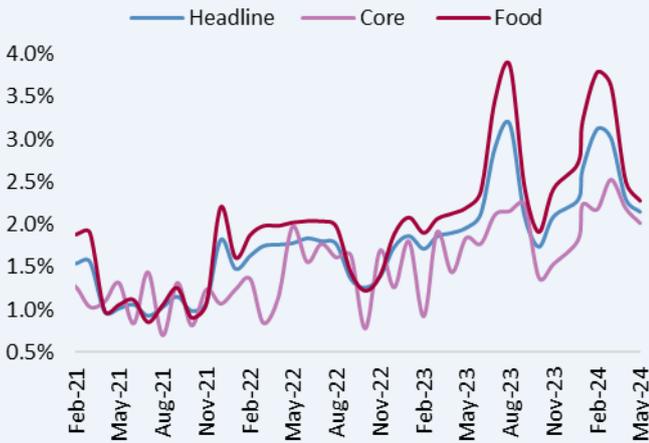
Figure 26: Moderating pace of YoY inflation



Source: NBS, CardinalStone Research



Figure 27: MoM inflation continues to cool as the peak appears near



Base effect-induced moderation likely to be pronounced in H2'24

In the second half of 2024, we anticipate a moderation in the YoY inflation reading, primarily due to the base effect and a more stable foreign exchange rate. Additionally, with the Dangote refinery expected to increase the supply of AGO and jet fuel, we foresee a positive pass-through to transport inflation, which dovetailed neatly with food prices. Overall, we project inflation to average 29.7% in H2'24 vs 32.7% in H1'24.

While monetary authorities will welcome moderating inflation, we do not expect a rapid halt to rate hikes. We anticipate at least one more rate hike during the year.

Figure 28: Moderating AGO prices to drive lower inflation

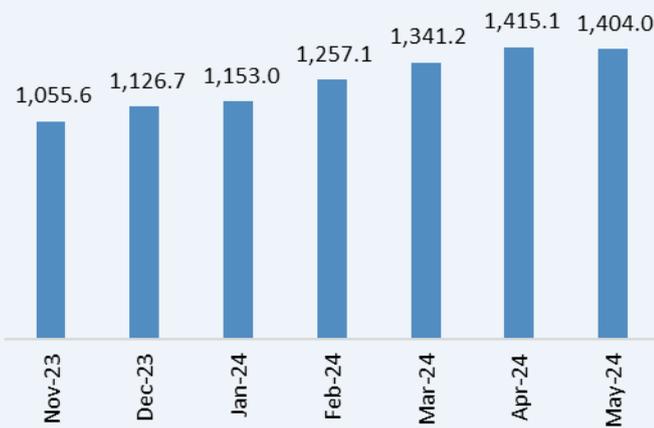
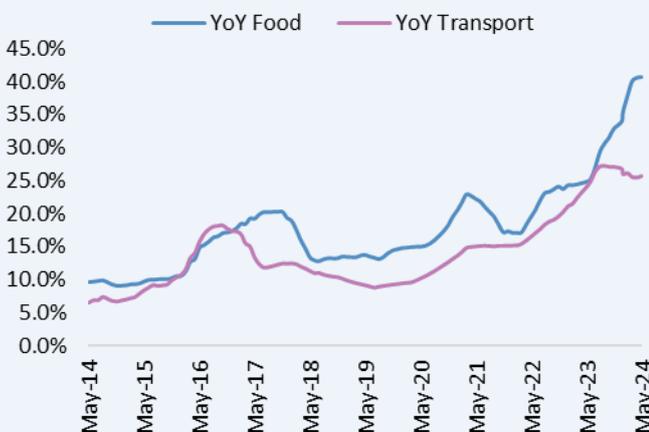
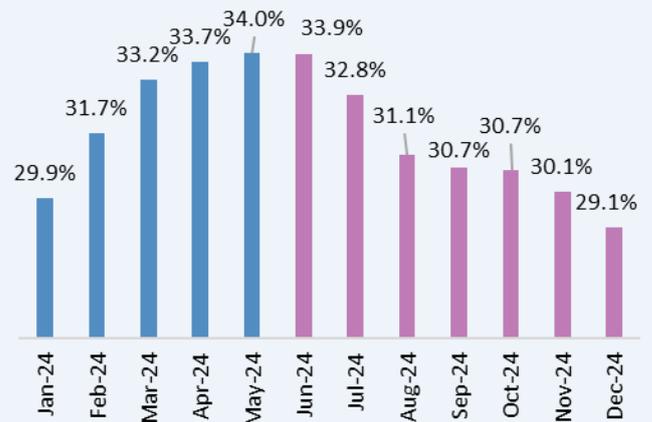


Figure 29: Moderation in AGO bodes well for transport inflation, with a positive pass-through to food inflation outlook



Source: NBS, CardinalStone Research

Figure 30: Inflation expectation for the rest of the year



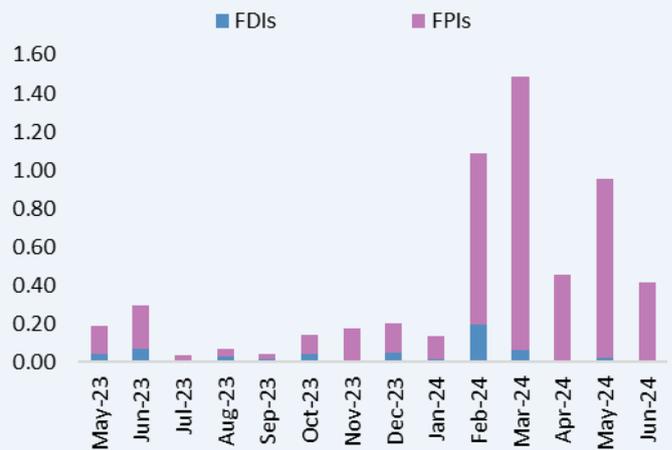
The impact of a higher minimum wage will likely not be severe on prices, given the weak correlation of 0.28 over the last 12 years



Foreign Exchange: Naira stability - A top priority of the CBN

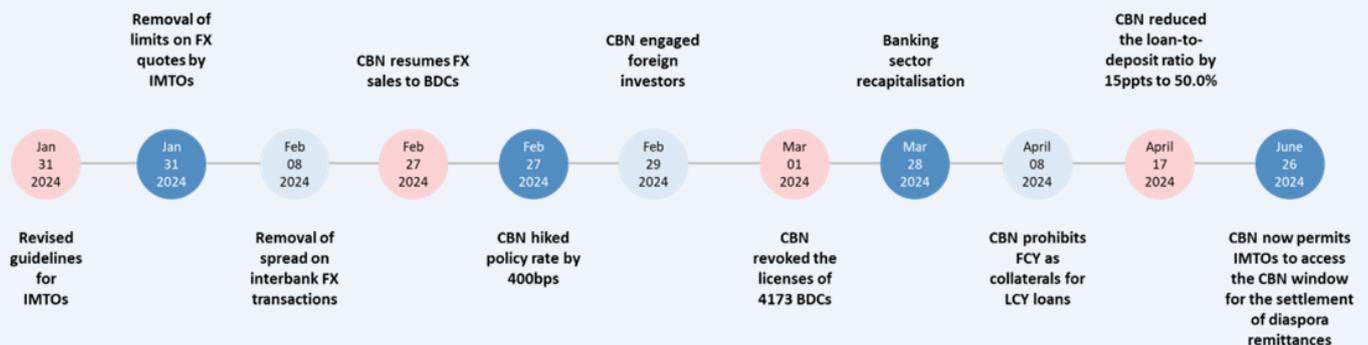
The CBN's return to orthodox monetary policy, its hawkish stance (+750bps hike in MPR), decision to clear FX backlogs, and improved communication with both local and foreign markets have bolstered confidence and attracted increased investor interest. Consequently, we observed an inflow of c.\$4.5 billion through FPIs and FDIs in the first half of the year, compared to \$1.6 billion in 2023. A significant factor contributing to positive foreign sentiment is the robust carry trade in the economy, which surpasses those of major African countries. Despite experiencing net outflows in April due to geopolitical tensions and some investors taking profits, sentiment appears to be rebounding, with foreign capital inflows improving in recent weeks. This trend likely reflects investors' confidence in the CBN's policies. In the same vein, other non-FPI and FDI inflows have gathered pace, improving to pre-COVID levels and supporting daily FX turnover (average of \$257.28 million vs \$113.84 million in 2023).

Figure 32: Foreign inflows (\$' billion) have improved in 2024



Source: FMDQ, CardinalStone Research

Figure 31: Some of CBN's actions since the start of the year



Source: CBN, CardinalStone Research



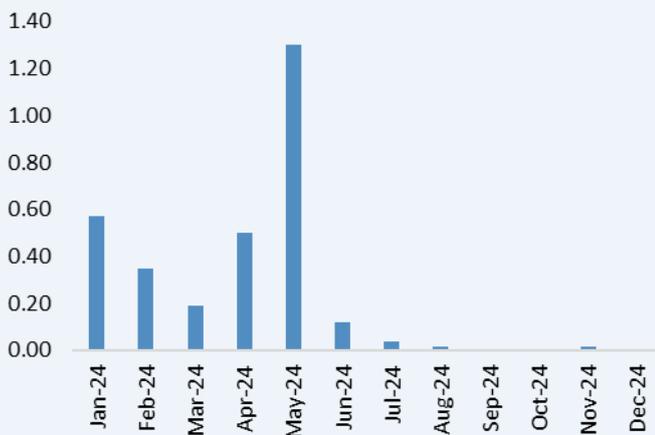
Figure 33: Total FX inflows (\$' billion) through the NAFEM



Source: FMDQ, CBN, CardinalStone Research

The positive aura from the CBN, coupled with interventions across the FX strata and increased oversight over the BDC segment of the market supported the Naira to be the best-performing currency in March and April. Sentiment waned in May as the FX reserve declined owing to large maturities of FX contracts and elevated external debt obligations. Furthermore, weak foreign earnings by the fiscal authorities due to low oil production also added another layer of pressure, with the country having to depend on FX flows from the World Bank and Afrexim Bank.

Figure 34: Size of maturing FX contracts (\$' billion) expected to be lower in H2'24



Source: CBN, CardinalStone Research

Figure 35: External debt servicing obligations (\$' billion)

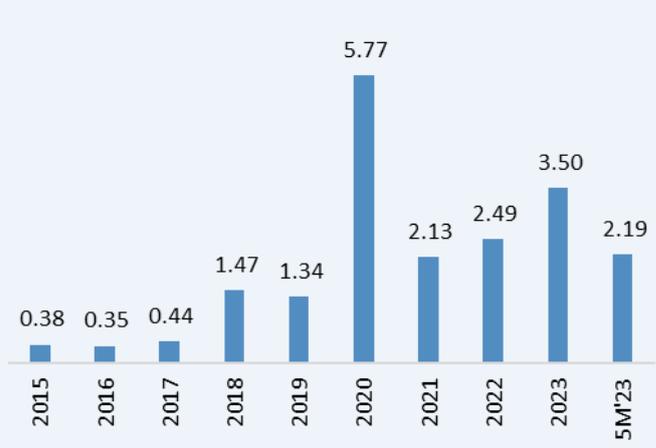
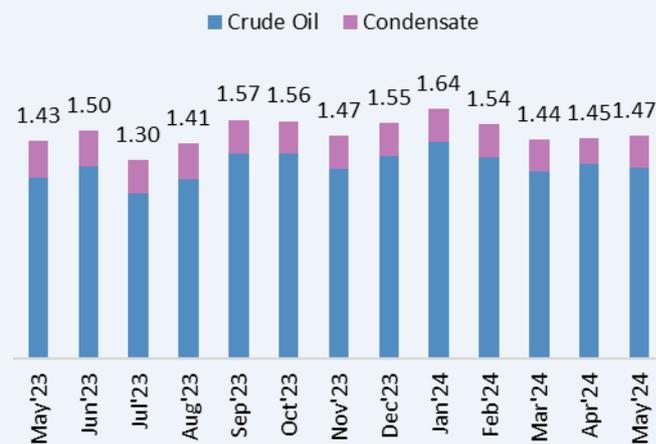


Figure 36: Oil production (Mb/d) remained largely depressed



Source: CBN, CardinalStone Research

Naira appears relatively stable

The Naira has been stable in recent weeks, with a narrowing trading spread and 1-month rolling volatility currently at the lowest level since the start of the year. This stability is consistent with the recent CBN's intermittent intervention in the market.



Figure 37: Naira trajectory (\$/N)

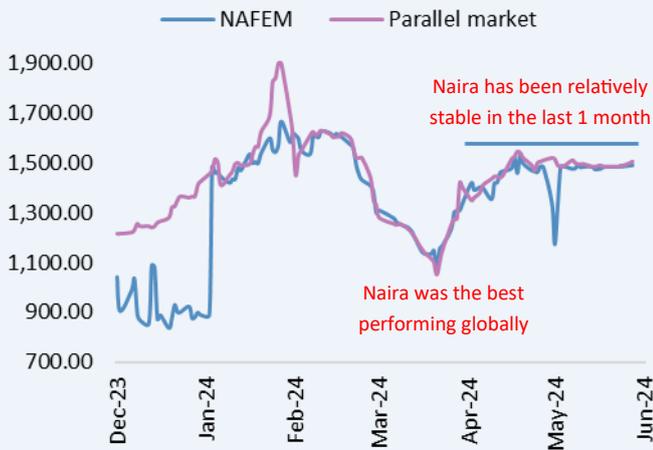
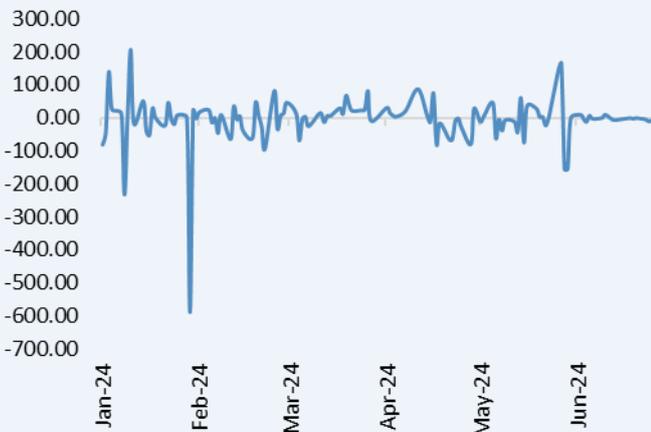


Figure 38: Narrowing trading spread (N/\$) between daily high and lows



Figure 39: Volatility has reduced, with daily FX changes (N/\$) within a narrow range



Source: CBN, FMDQ, CardinalStone Research

Naira to coast around N1,400-1,650/\$ range in H2'24

For the rest of the year, we project the Naira to remain relatively stable at a range of N1,400-1,650/\$. Our view is strengthened by the recent \$2.25 billion FX support from the World Bank. Nigeria will be able to access \$750.0 million immediately, while the balance of \$1.50 billion is dependent on strict conditions. In addition, with Nigeria likely to issue a Eurobond and raise a dollar-denominated local bond, we expect increased CBN's ammunition to support FX liquidity. Nevertheless, we do not rule out some pocket of currency pressures, especially when FX demand for vacation and overseas schooling intensifies in August and September.

CBN aims for better capturing of remittance inflows

The Central Bank of Nigeria (CBN) recently issued a circular allowing International Money Transfer Operators (IMTOs) to transact directly or through Authorized Dealer Banks at the official exchange window. This is a positive development, as the majority of FX inflows from IMTOs have typically bypassed CBN channels. Over the past five years, 61.5% of total FX inflows into the country haven't passed through CBN's coffers, thereby limiting contributions to the FX reserve.

With the parallel market premium relatively narrow and the CBN's strong push for a market-reflective FX rate, we anticipate that IMTOs will be encouraged to trade in the official market. This strategic shift has the potential to enable the CBN to capture around \$20.00 billion annually in remittance inflows, a significant increase from the current capture of c.\$2.00 – \$3.00 billion by the apex bank.



Figure 40: Remittance inflows have averaged about \$20.00 billion in the last 10 years

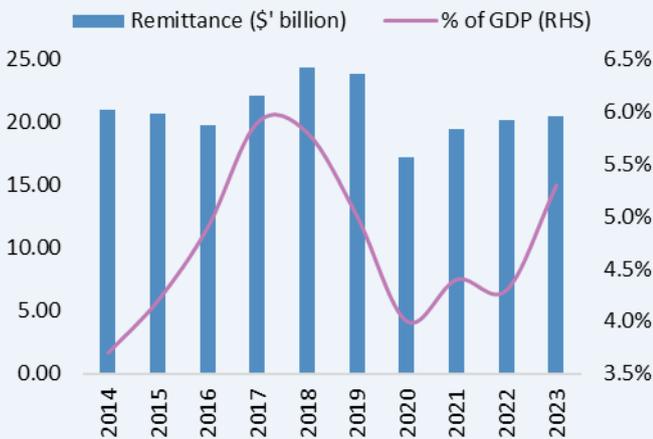
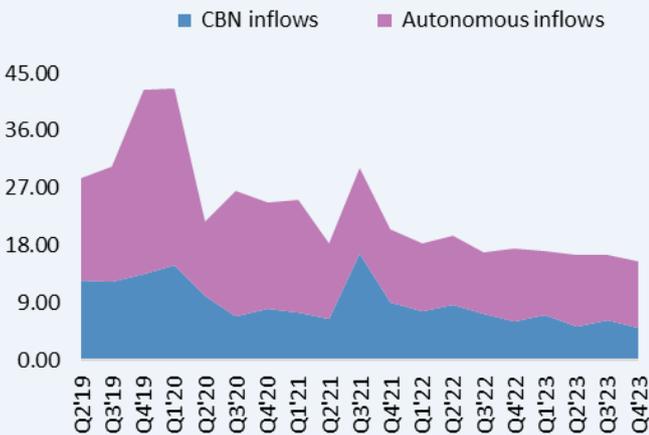


Figure 41: About 61.5% of total FX inflows (\$'billion) has bypassed the CBN's coffers in the last 5 years



Source: CBN, World Bank, CardinalStone Research

Nigeria follows global trend, intensifying gold purchases

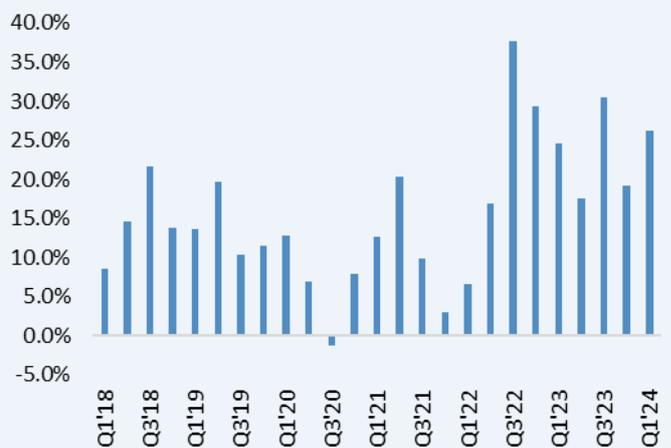
Nigeria appears to have joined the global parade, increasing its gold purchase program aimed at supporting the FX reserves and the Naira. This initiative, known as the National Gold Purchase Programme, was launched in 2020 and enables the CBN to buy gold from artisanal miners. According to Nigeria's Minister of Solid Minerals Development, approximately \$5.0 million has been added to the foreign reserves in 2024 through this program.

The gold purchase trend is not unique to Nigeria, with the World Gold Council indicating that about 26.3% of global gold demand comes from central banks, with African central banks holding about 3.0% of this total.

This surge in gold demand can be attributed to its benefit during periods of high economic, financial and geopolitical uncertainty and when returns on reserve currencies are low. Additionally, the IMF notes that gold is perceived as a safe asset when countries face financial sanctions, and the risk of asset freezes and seizures.

While the gains from Nigeria's gold purchase program are currently limited, we believe that continued accumulation of gold over the long term will strengthen Nigeria's foreign exchange reserve portfolios, positively impacting inflation and reducing foreign exchange volatility.

Figure 42: Global central bank gold demand (% of global)



Source: World Gold Council, CEIC, CardinalStone Research

Figure 43: Nigerian gold reserves (\$' billion)



Source: CEIC, CardinalStone Research

Unlocking Value

for our **growing portfolio** of esteemed clients across **diverse sectors** over the last decade.

<p><i>Financial Adviser</i></p>  <p>Divestment of its majority equity stake in Consolidated Discounts Limited and PAN Nigeria Limited</p>	<p><i>Arranger</i></p>  <p>~N7 billion debut Commercial Paper Issue</p>	<p><i>Financial Adviser</i></p>  <p>US\$6 Million Capital Raise via an Equity Investment by Sahel Capital</p>	<p><i>Arranger</i></p>  <p>N69.9 billion Commercial Paper Issue (Various Series)</p>	<p><i>Arranger</i></p>  <p>N159.6 billion Commercial Paper Issues (Various Series)</p>
<p><i>Arranger</i></p>  <p>~N19 billion Commercial Paper Issue (Various Series)</p>	<p><i>Financial Adviser</i></p>  <p>US\$4.4 Million Equity Capital Raise (Series A)</p>	<p><i>Financial Adviser</i></p>  <p>Divestment of its majority equity stake in four (4) non bank subsidiaries</p>	<p><i>Issuing House & Arranger</i></p>  <p>~N25 billion across equity and debt capital raises (debut Bond & Commercial Paper Issues)</p>	<p><i>Financial Adviser</i></p>  <p>Divestment of its majority equity stake in Insourcing Nigeria Limited and First Registrars Limited</p>
<p><i>Issuing House</i></p>  <p>N46 billion & N29.9 billion Bond Issue; ~N60 billion Commercial Paper Issue</p>	<p><i>Issuing House</i></p>  <p>N40 billion Bond Issue</p>	<p><i>Arranger</i></p>  <p>N20 billion debut Commercial Paper Issue</p>	<p><i>Financial Adviser</i></p>  <p>Divestment of its majority equity stake to Verod Capital Management</p>	<p><i>Financial Adviser</i></p>  <p>Acquisition of 100% equity stake in Bepvak (Nigeria) Limited</p>
<p><i>Financial Adviser</i></p>  <p>Divestment of its equity stake valued at US\$100m (Enterprise Value)</p>	<p><i>Financial Adviser</i></p>  <p>Acquisition of a majority equity stake in Lagoon Group of Hospitals</p>	<p><i>Issuing House</i></p>  <p>N17.5 billion 20-year Corporate Infrastructure Bond Issue</p>	<p><i>Issuing House</i></p>  <p>N137.3 billion Bond Issue and N19.9 billion debut Sukuk Issue</p>	<p><i>Financial Adviser</i></p>  <p>Divestment of its 100% equity shareholding to Verod Capital Management</p>
<p><i>Arranger</i></p>  <p>~N29 billion Commercial Paper Issues (Various Series)</p>	<p><i>Financial Adviser</i></p>  <p>Divestment of 29.9% equity stake to AFIG Funds LLP</p>	<p><i>Issuing House</i></p>  <p>N6.3 billion Green Bond Issue</p>	<p><i>Issuing House</i></p>  <p>N34.5 billion Bond Issue</p>	<p><i>Financial Adviser</i></p>  <p>Divestment of its 34.4% equity stake in Sundry Markets Limited to Tana Africa Capital</p>
<p><i>Financial Adviser</i></p>  <p>Acquisition of Dresser-Rand Nigeria Limited by Siemens Nigeria Limited</p>	<p><i>Issuing House & Financial Adviser</i></p>  <p>N32.9 billion Bond Issue; N19.7 billion Private Placement & Divestment of its majority equity stake in four (4) non-bank subsidiaries</p>	<p><i>Issuing House & Arranger</i></p>  <p>N8.0 billion Bond Issue (various series) & N3.0 billion Commercial Paper Issue</p>	<p><i>Issuing House</i></p>  <p>N12.5 billion Rights Issue</p>	<p><i>Arranger</i></p>  <p>N5 billion debut Commercial Paper Issue</p>

*Select Transaction Credentials

CardinalStone is **your one-stop shop** for **bespoke and tailored investment banking solutions**, offering expertise in financial advisory transactions and facilitating capital raising from **both public and private** markets.



Asset Allocation Guide: Embrace incredibly cheap bonds; be wary of re-investment risks on short-dated FIs

In line with IMF's prognosis, a base case expectation is for global economic growth to stay steady at 3.2% in 2024 and 2025 amid deceleration in inflation to target levels. The reprieve in inflation should give way to monetary policy easing across markets, with the knock-on effect likely to be positive for equities and bonds in the near term. We, however, note that some DM equity markets appear to have materially priced in the macro prospects alongside a potential reversal of monetary policy tightening, with major indices such as S&P 500, Nasdaq, and Dow Jones already trading at PEs above their 10-year mean levels, even though

some of the levels may be partially justified by steady to slightly rising ROEs over the last five years. In view of this, a market weight to slightly overweight stance on US and select DM equities may seem probable for H2'24¹, with investors simultaneously cautious of potential rerating in overheated markets.

For most DM bonds, the go long duration strategy seems in line with consensus and consistent with views that yields may have reached inflexion across markets while cash may be underweighted ahead of projected downward adjustments to policy rates.

¹ We believe monetary policy inflexion is broadly expected across leading economies, with the UK mostly expected to cut rates in September aided by aligning leading indicators of wages and inflation backdrop.



Figure 44: PE of S&P is above the 10-year mean but below the 2021 peak

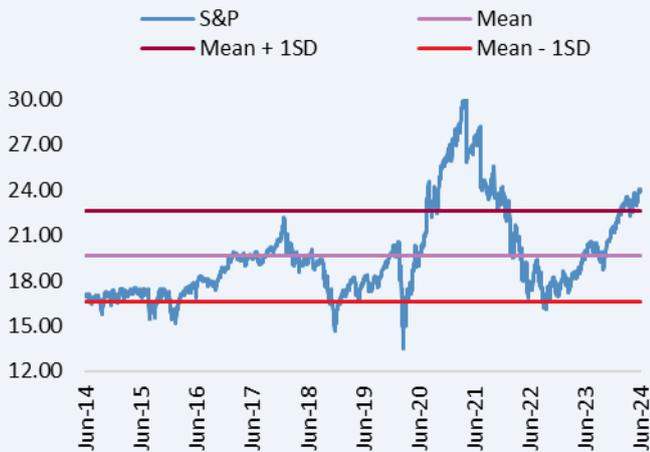


Figure 46: PE of Dow Jones is above 10-year mean, but below 2021 peak

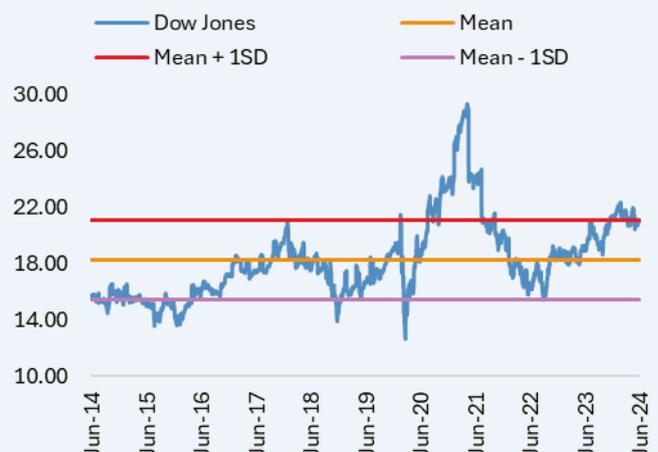


Figure 45: PE of Tech-heavy NASDAQ is above 10-year mean but below the 2021 peak

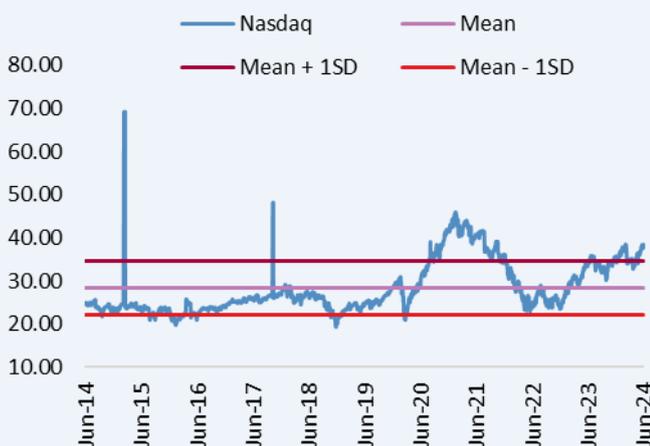
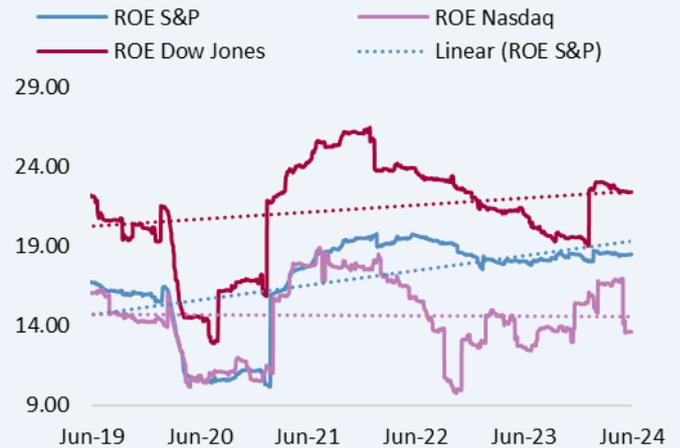


Figure 47: The ROEs of S&P 500 and Dow Jones indices have trended higher in the last five years



Source: Bloomberg, CardinalStone Research

To the other extreme, a bear case global asset allocation view significantly weighs the effect of a potential US recession on global growth dynamics as we gradually approach 2025, with drags in China and Russia likely also to have some pull impact in emerging market economies. Precisely, the expectation of a US recession in late 2024 or early 2025² suggests that the Fed could soon be forced into a pivot to arrest growth worries, albeit likely to effect less aggressive adjustments for fear of inflation rebound initially. Hence, in line with historical trends since 1969 (excluding the COVID one-off scenario in 2020), this case expects growing concerns and the probable knock-on

effect of recessionary angst prior to notable rate cuts to reduce the allure of US equities in H2'24. The scenery also favours a gradual buildup in exposure to dollar-denominated high-quality, long-duration fixed-income instruments with rates probably hedging closer to inflexion. The emphasis on high-quality dollar-denominated long-duration FIs is consistent with the impact of recessions on the spreads of high-yield bonds, which tend to underperform during economic downturns.

² A likely consequence of low excess savings, banks' tightening of lending standards, and higher interest rates on consumer loans

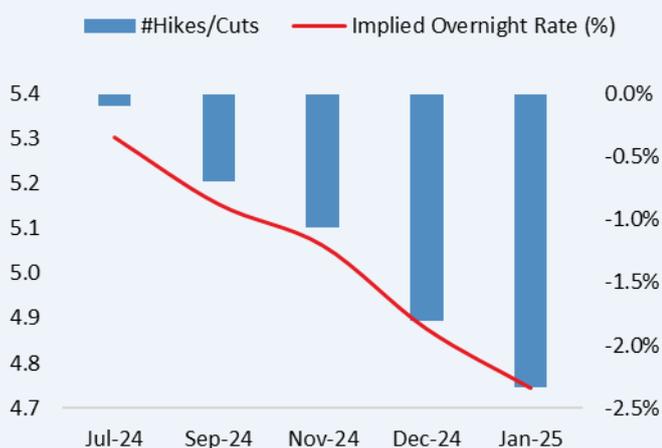


Figure 48: Data suggests that US equities peak 6 months (on average) before recessions

Recessions	S&P 500 Peak (Months)	S&P 500 Trough (Months)	Peak-to-Trough Decline
December 1969 - November 1970	-13.00	6.00	-36.0%
November 1973 - March 1975	-11.00	10.00	-48.0%
January 1980 - July 1980	0.00	2.00	-17.0%
July 1981 - November 1982	-8.00	12.00	-27.0%
July 1990 - March 1991	-2.00	3.00	-20.0%
March 2001 - November 2001	-7.00	18.00	-49.0%
December 2007 - June 2009	-2.00	14.00	-57.0%
Average	-6.00	10.00	-36.0%

Source: BCA Research, CardinalStone Research

Figure 49: Expected impact of interest rate adjustments on the overnight rate in the US



Source: CBN, CardinalStone Research

Domestic equities strategy – Macro dynamics unearth entry opportunities amid material mispricing

Our H2'24 equity outlook and strategy commence with a top-down approach and look to leverage possible and emerging themes such as the commencement of Dangote Refinery, banking sector recapitalisation, other corporate actions, potential return of FPIs, and asset sales. Our prognosis on these fronts is shown below.

What we glean from macros: We adopt a top-down approach to delineate potential options for equity investors in H2'24. This approach recognises potential economic growth of 3.3% for 2024, with oil & gas and transportation likely to be key growth supports. Under our base case, inflation is also projected to average 31.7% in 2024, while the Naira is projected to weaken by a further 14.2% from Q1'24 levels to the midpoint of the range N1,400/\$ to N1,650/\$ by the end of 2024. Consequently, we see MPR rising by c.50bps in 2024 before commencing a descent in H2'25 that the impact of the high base effect on inflation should support.

On the strength of the above, our H2'24 sectoral allocation under equity is largely in favour of upstream oil and gas. Within the sector, we retain a strong BUY recommendation on SEPLAT, a stock whose tactical and fundamental cases are supported by the imminent completion of the MPNU deal. The deal is expected to drive surges in the company's liquids and gas production as well as expand contingent reserves. Similarly, the view on elevated interest rates for 2024 supports our sanguine view on sectors with positive interest rate exposure, such as banking. Interestingly, despite a relatively favourable macro backdrop, the sector has experienced material sell-offs on account of overreaction to the new guideline on bank recapitalisation. We assess that this overreaction has opened strong potential mean total returns on coverage banks over the next 12 months after accounting for the impact of recapitalisation.



In addition, the macros favour stocks with a mix of favourable net FX exposures, lesser leverage, and robust cash positions. We also recognise that a favourable mix may not encompass the trio factors as the impact of two of the three may often be strong enough to drive fundamental outperformance. In this bucket, we see fitting stocks such as OKOMUOIL, TRANSCORP, UACN, and UNILEVER.

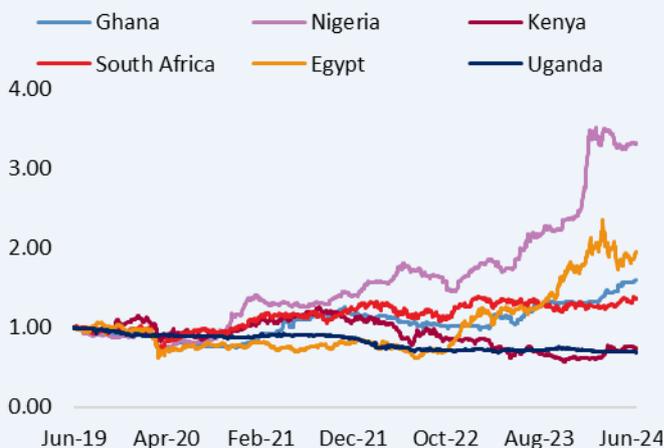
Full commencement of Dangote Refinery: The commencement of production is broadly expected to improve sentiments in the mid and downstream oil & gas sector, especially because it could make regulators more willing to accommodate demand—and supply-driven PMS prices. Given the expected pass-through to FX liquidity, this commencement may combine with the proposed listing of the refinery to drive positive sentiments in Nigerian assets in 2024. The facility has since commenced production and distribution of diesel, whose pass-through is expected to have a significantly positive impact on the energy cost of listed equities in H2'24. However, the refinery is yet to hit the market with the more economically important PMS and a longer than expected time to market for this product is a downside risk to expectation.

Banking sector recapitalisation: The announced banking sector recapitalisation plan is yet to birth mergers and acquisitions, which would have prompted a tactical dash to the shares of targets (possibly Tier 2 and Tier 3). For most banks, all the options suggested by the CBN remain under consideration, with FCMB open to selling some of its subsidiaries. With the timeline for completion of the program set in 2026, we still see legroom for inorganic corporate actions capable of driving investment upside in the space. In the interim, tactical plays have greeted the organic approaches to recapitalisation communicated by most banks, with FIDELITY's announcement of rights and public offer prices that are below the market close price on the announcement day driving bearish reaction while ACCESSCORP's decision to fix its rights price at above market interpreted as some leading indicator of where the share price should be, leading to bullish reaction. We see legroom for more tactical positioning as banks provide new information on their raise plans. We also see latitude for FDI and FPI inflows into the banking sector, given the limited depth of the domestic market and materially cheap valuations vs EMEA and global peers.

Other corporate actions: Away from the banking sector, there are uncompleted corporate actions that are likely to play pivotal roles in shaping market sentiments in H2'24. Even though the much-anticipated merger of DANGSUGAR, NASCON, and Dangote Rice was surprisingly suspended, news of other corporate actions has been providing some market excitement. For instance, the market appeared to have received the news of Tolaram's strategic acquisition of Diageo's majority stake in GUINNESS at a premium to market optimistically, just as the imminent conclusion of the MPNU deal has left investors hovering around SEPLAT. Investors are also looking forward to the listings of major institutions such as Dangote Refinery and ARADEL. There are also uncompleted corporate actions in names such as TRANSCORP, PRESCO, OANDO and PZ that could create tactical opportunities that can support portfolio returns given market volatility

Asset Sales: The Bureau of Public Enterprises (BPE) intends to sell the remaining 40.0% of government holdings in electricity distribution companies in the capital market in 2024. It may also take 4 other assets to the market. These assets include Eleme Petrochemicals Company Limited, Nigeria Reinsurance, Nikon Insurance, and Nigeria Machine Tools. If they are actualised in H2'24, these transactions can drive some positive sentiments in the domestic market.

Figure 50: Nigeria's equity index has outperformed peers since 2020 – hint at strong capital appreciation



Source: CBN, CardinalStone Research



Figure 51: Historical PE ratios across select African markets

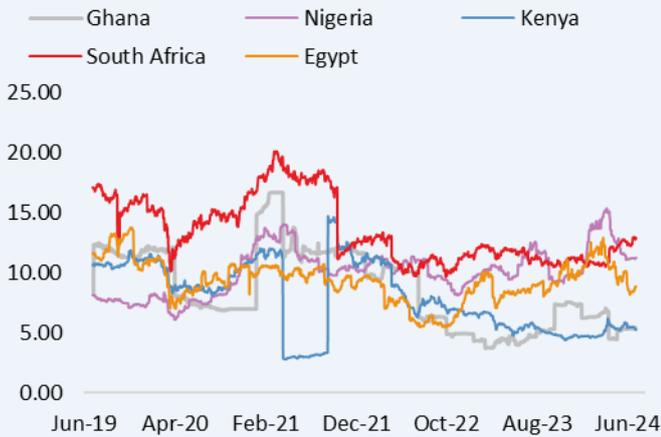
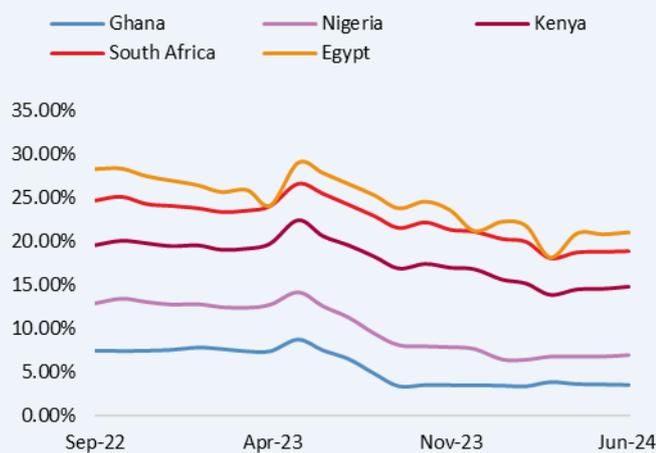


Figure 52: Historical dividend yields across select markets



Source: Bloomberg, CardinalStone Research

Forecasting equity market returns for 2024 using the Grinold-Kroner model

The Grinold-Kroner model states that the expected return of equity is its dividend yield, plus the inflation rate, plus the real earnings growth rate minus the change in stock outstanding, plus changes in the P/E ratio.

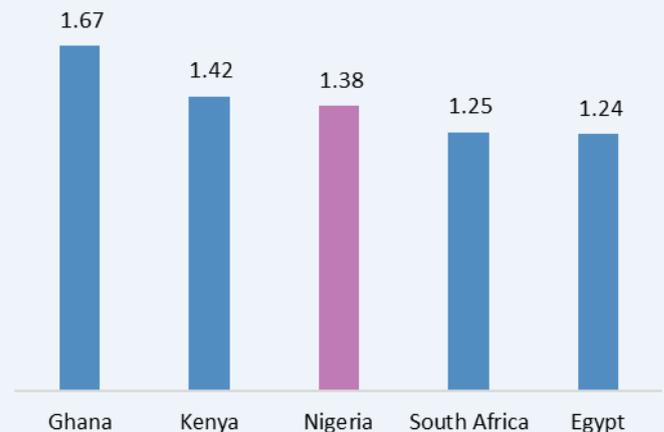
In our analysis, we assumed the following:

- Current dividend yield as provided by Bloomberg.
- Expected inflation based on our forecast
- For the real earnings growth rate, we adopted the long-run mean GDP growth rate (10 years).
- We assume zero % change in share outstanding.
- For % changes in PE, we assumed reversion to the historical level (5-year average) will occur over the next 5 years at the rate of 20.0% per annum.

Figure 53: Forecasting equity market returns in 2024 using Grinold Kroner model



Figure 54: Expected return per risk (%) favours increased exposure to Ghana, Kenya, and Nigeria equities



Source: Bloomberg, IMF, CardinalStone Research



CardinalStone Research Model

Equity Portfolio (MEP)

The MEP is a unique and notional investment vehicle that started with an assumed capital of N1.0 billion as of 08 September 2023. This portfolio serves as a canvas to express our insights and perspectives on some stocks listed on the NGX and our overall weekly outlook on the equity market. Our model portfolio comprises mostly the stocks under our coverage and a few notable market movers whose relevance is also highlighted by their market weights. In managing our notional portfolio, we

adhere to rules that partially mirror the real market environment. We make notional trades with due consideration for actual market liquidity, momentum, and expected upside, providing a transparent and realistic reflection of our investment decisions. However, the model does not capture transaction costs (i.e., sale and purchase commissions) for the sake of simplicity. Our approach is primarily grounded in thoughtful analysis. We also prioritise diversification, leverage sector-specific expertise, and maintain a disciplined investment philosophy.

Figure 55: The MEP outperformed the benchmark index in H1'24, gaining 35.6% (vs 33.8% for the NGXASI)



The key drivers of MEP's outperformance were DANGCEM, BUAFOODS, BUACEMENT, and SEPLAT

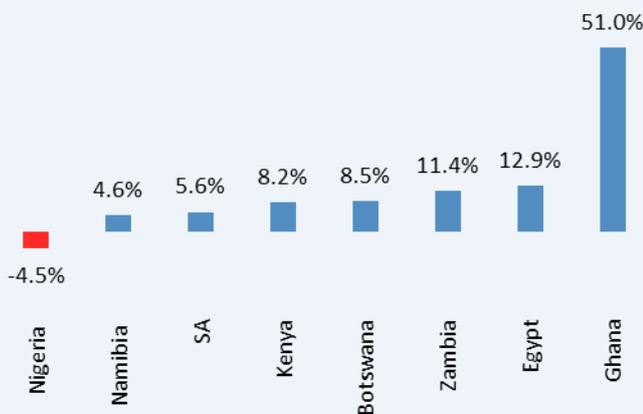
Source: NGX, CardinalStone Research



Domestic fixed income strategy – Go long and go big

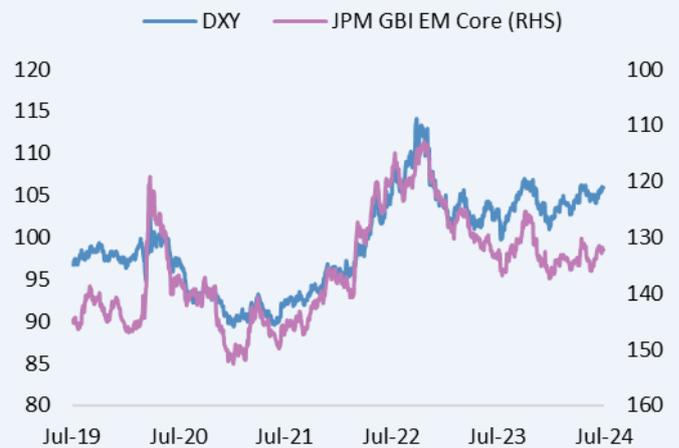
Fixed-income yields are high and probably unsustainable; the government appears to be ahead of its 2024 borrowing plans; the exchange rate looks relatively stable vs Q1'24; and inflation looks set to dip on the impact of the high base effect starting from H2'24. A combination of these factors clearly favours a longer duration fixed-income strategy and a careful watch on re-investment risks linked with currently attractive short-dated FI instruments. In a sense, FI investors may be mindful not to eat the future now by overly focusing on the allure of currently elevated effective yields on T-bills and commercial papers at the expense of locking down north of 21.0% annual interest rate on government bonds for a more extended period. On this wise, we recommend an increasing tilt towards long duration and a calculated gradual de-emphasizing of short duration.

Figure 56: H1'24 FI returns in local African markets



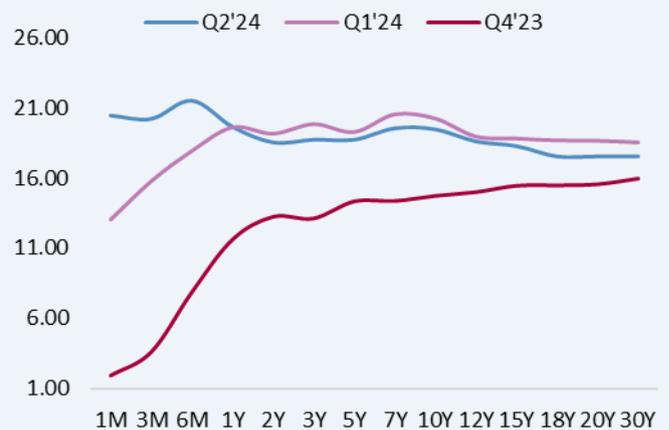
Source: Bloomberg, CardinalStone Research

Figure 57: Emerging market local return and the dollar index



Source: Bloomberg, DMO, CBN, FMDQ, CardinalStone Research

Figure 58: Yield trajectory in the Nigeria fixed income market



Source: FMDQ, CardinalStone Research

Figure 59: The government appears to be ahead of its 2024 borrowing plans (N' trillion)



Source: DMO, CardinalStone Research



Figure 60: Analysis of some selected African Eurobonds

Selected Eurobonds ³	Ranking			Yield	Yield per duration	Spread vs UST	Upsides	Downsides
	Moody's	S&P	Fitch					
Angola	B3	B-	B	10.3%	2.7%	584.1	<ul style="list-style-type: none"> IMF projects Angola's current account balance to print at 4.9% of GDP in 2024 (vs 3.1% in 2023), buoyed by the positive pass-through from elevated crude oil prices. FX reserves to remain strong, projected to reach \$15.4 billion by year-end, a modest increase from \$15.2 billion in 2023. FX reserve can cater to 5.3 months of the country's external payments due in 2024-2025 vs a median of 4.2 months for B-rated peer countries. With the discontinuation of fuel subsidies amid a sustained growth trajectory, fiscal deficit will likely transit to a surplus position of 2.8% of GDP in 2024 (vs a deficit position of 0.1% in 2023). The debt level is projected to moderate to 70.3% of GDP in 2024 (vs 84.5% in 2023 and a 5-year average of 97.1%). 	<ul style="list-style-type: none"> FX illiquidity remains prevalent, with long demand queues still evident. The government's external debt amortisations are expected to settle at \$6.5 billion in 2024, higher than the \$5.6 billion paid in 2023. These obligations are likely to drive some FX concerns. 6-month NFDs suggest that the Angola kwanza will likely depreciate by 5.2% by year-end. Headline inflation to end the year at an average of 22.0% from 13.6% in 2023, as the impact of subsidy removal continues to bite hard.
Kenya	B3	B	B	10.6%	2.9%	621.1	<ul style="list-style-type: none"> The IMF and Kenya have reached a staff-level agreement on a comprehensive policy package needed to complete the seventh review of Kenya's economic program under the EFF/ECF arrangements. There is legroom for Kenya to access about \$976.00 million upon approval by the IMF board. The successful repayment and buyback of Eurobonds have narrowed sovereign spread. This is likely to strengthen foreign investor's sentiments. Public debt to moderate slightly to 73.0% in 2024, from 73.3% in 2023 	<ul style="list-style-type: none"> The recent protests and social unrest due to the cost of living crisis may be of concern to investors. Growth may be hampered this year due to the increased incidence of flooding. IMF projects GDP growth to print at 5.0% in 2024 from 5.5% in 2023. The current account deficit to GDP is expected to increase in 2024 to 4.5% from 4.2% in 2023, reflecting higher import needs and a relatively narrow export base.

Source: Bloomberg, Fitch, S&P, Fitch, CardinalStone Research

³ We referenced instruments with approximately 4-year TTM



Selected Eurobonds	Ranking			Yield	Yield per duration	Sread vs UST	Upsides	Downsides
	Moody's	S&P	Fitch					
Egypt	Caa1	B-	B-	9.8%	2.7%	539.1	<ul style="list-style-type: none"> The IMF and Egypt have reached a staff-level agreement on the economic policies needed to complete the third review of the Extended Fund Facility (EFF) arrangement. Subject to approval by the IMF's Executive Board, Egypt will have access to about \$820.00 million (SDR 618.10 million). FX reserves to close the year at \$49.70 billion, aided by recovery in remittances and improving foreign inflows. The recent clearance of the \$8.0 billion FX backlog may improve the perception of foreign investors. The Hawkishness of the central bank is likely to persist, which bodes well for carry trade. Progress in IMF structural reform measures is expected to support private sector activity. 	<ul style="list-style-type: none"> The spillover effect of the Gaza conflict and the risks of persistence of trade disruptions in the Red Sea are negative for Suez Canal revenue generation. With inflation projected to remain elevated, we expect a negative pass-through to currency valuation. The Egyptian pound is likely to devalue by 6.5% over the next 6 months based on the NDFs. Lower Suez Canal revenue and high-interest payments are expected to prop up the fiscal deficit to 10.9% of GDP in 2024, 1.9x higher than in 2023. Debt to GDP to increase slightly to 96.4% of GDP from 95.9% in 2023. With improved FX liquidity in the system, import is projected to increase faster than exports, translating into a CA deficit of 6.2% of GDP in 2024 (vs 1.2% in 2023).
Nigeria	Caa1	B-	B-	9.9%	2.3%	551.1	<ul style="list-style-type: none"> Sales of AGO at lower prices by the Dangote refinery bodes well for Nigeria's inflation outlook. CBN's policies continue to stoke positive foreign investors sentiment. CBN's effort to capture remittances is likely to support FX reserves and the Naira outlook. Growth is projected to settle at 3.3% by year-end, material higher than the 3-year average of 2.7%. Nigeria has a moderate risk of sovereign debt distress, reflecting the long average maturity profile of its debt (13 years). Plans to rebase the GDP are expected to improve the capturing of economic activities and reduce the size of the informal sector. The government's plan to drive tax efficiency and increase tax yield is positive for the fiscal outlook. 	<ul style="list-style-type: none"> United Nations estimated that around 26.5 million Nigerians will face severe food insecurity in 2024. FX pressures are still prevalent and are likely to prop up debt levels. Debt level to rise to 46.6% of GDP in 2024, slightly higher than the 46.3% reported in 2023. Oil production remains uninspiring, projected to average 1.57Mb/d in 2024 from 1.43Mb/d in 2023. Partial subsidy on fuel and negative taxes on electricity are negative for the fiscal position.

Source: Bloomberg, Fitch, S&P, Fitch, CardinalStone Research

³ We referenced instruments with approximately 4-year TTM



CardinalStone Securities



**Leading Securities firm on the
Nigerian Exchange (NGX)
2022, 2023**

CardinalStone Asset Management (CAM)



**Fastest Growing
Asset Management
Company in Nigeria,
2024**

Global Banking and Finance Awards





Analyst Certification

The research analyst(s) denoted by an “*” on the cover of this report certifies (or, where multiple research analysts are primarily responsible for this report, the research analysts denoted by an “*” on the cover or within the document individually certifies, with respect to each security or issuer that the research analyst(s) cover in this research) that: (1) all of the views expressed in this report accurately articulate the research analyst(s) independent views/opinions, based on public information regarding the companies, securities, industries or markets discussed in this report. (2) The research analyst(s) compensation or remuneration is in no way connected (either directly or indirectly) to the specific recommendations, estimates or opinions expressed in this report.

Frequency of Next Update: An update of our view on the company (ies) would be provided when next there are substantial developments/financial news on the company.

Conflict of Interest: It is the policy of CardinalStone Partners Limited and its subsidiaries and affiliates (individually and collectively referred to as “CardinalStone”) that research analysts may not be involved in activities that suggest that they are representing the interests of Cardinal Stone in a way likely to appear to be inconsistent with providing independent investment research. In addition, research analysts’ reporting lines are structured to avoid any conflict of interests. For example, research analysts are not subject to the supervision or control of anyone in CardinalStone’s Investment Banking or Sales and Trading departments.

However, such sales and trading departments may trade, as principal, based on the research analyst’s published research. Therefore, the proprietary interests of those Sales and Trading departments may conflict with your interests.

Important Regional Disclosures

The analyst(s) involved in the preparation of this report may not have visited the material operations of the subject Company (ies) within the past 12 months. To the extent this is a report authored in whole or in part by a Non-U.S. analyst and is made available in the U.S., the following are important disclosures regarding any Non-U.S. analyst contributors: The Non-U.S. research analysts (denoted by an * in the report) are not registered/qualified as research analysts with FINRA; and therefore, may not be subject to the NASD Rule 2711 and NYSE Rule 472 restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account. Each analyst (denoted by an *) is a Non-U.S. Analyst and is currently employed by Cardinal Stone.

Legal Entities: Legal entity disclosures: CardinalStone Partners is authorized and regulated by the Securities and Exchange Commission (SEC) to conduct investment business in Nigeria.



CARDINALSTONE

Think Investment, Think CardinalStone

We provide leading financial solutions and expert advisory to help you every step of the way.

Our Offerings

- Investment Banking
- Asset Management
- Securities Trading
- Trust Services
- Registrar Services
- Financing



Scan the QR code
to start your
journey today

