THE NIGERIAN CAPITAL MARKET:

Wealth Creation, Investment Opportunities and Career Prospects for Chartered Accountants

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Agenda for today's presentation

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01 Introduction

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Introduction

Capital markets remain one of the most efficient mechanisms for mobilizing savings into productive investments. They facilitate the transfer of funds from surplus units (investors) to deficit units (companies and governments requiring capital).

Countries with developed capital markets typically experience:

- **Higher economic growth**
- **Increased industrialization**
- **Greater financial inclusion**
- **Improved corporate governance**
- **Enhanced wealth creation**

Nigeria's capital market has evolved significantly over the last three decades through technological innovation, improved regulation, dematerialization of securities, digital trading platforms, and increased investor participation.

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What is the Nigerian Capital Market?

SECTION 02

Instruments & Objectives

The Nigerian Capital Market is the segment of the financial system where long-term financial instruments are issued and traded. Unlike the money market, which deals with short-term funds (less than one year), the capital market focuses on long-term financing.

These instruments include:

- Ordinary Shares (Equities)
- Government Bonds
- Corporate Bonds
- Sukuk
- Exchange Traded Funds (ETFs)
- Mutual Funds
- Real Estate Investment Trusts (REITs)
- Infrastructure Funds
- Green Bonds

The capital market seeks to:

- Mobilize long-term savings
- Provide funding for businesses
- Facilitate government borrowing
- Promote private sector development
- Create investment opportunities
- Support wealth creation
- Encourage financial inclusion
- Improve corporate governance

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Primary vs Secondary Market

Primary Market

The primary market is where securities are issued for the first time.

Examples include:

- Initial Public Offerings (IPOs)
- Rights Issues
- Public Offers
- Bond Issuances
- Private Placements

Companies raise fresh capital directly from investors.

Secondary Market

The secondary market enables investors to buy and sell existing securities.

Benefits include:

- Liquidity
- Price discovery
- Continuous valuation
- Investment flexibility

Trading takes place daily on the Nigerian Exchange.

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Nigerian Equities Market Ecosystem

SECTION 03

Market Ecosystem

The Nigerian equities market functions through the interaction of several institutions.

A. Securities and Exchange Commission (SEC)

The SEC is the apex regulator responsible for:

- Licensing market operators
- Protecting investors
- Developing the market
- Approving new securities
- Monitoring compliance
- Enforcing regulations

B. Nigerian Exchange (NGX)

NGX provides:

- Trading platform
- Listing services
- Market surveillance
- Price dissemination
- Corporate disclosure framework

C. Central Securities Clearing System (CSCS)

CSCS performs:

- Clearing
- Settlement
- Electronic custody
- Share transfer
- Investor account administration

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Market Ecosystem (continued)

D. Stockbroking Firms

Stockbrokers:

- Execute buy and sell orders
- Provide investment advisory
- Manage portfolios
- Offer research
- Facilitate wealth creation

E. Issuing Houses

Responsible for:

- IPO structuring
- Capital raising
- Financial advisory
- Underwriting

F. Registrars

Registrars manage:

- Shareholder records
- Dividend payments
- Share transfers
- Corporate actions

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Market Ecosystem (continued)

G. Custodians

Custodians safeguard securities on behalf of:

- Pension Funds
- Mutual Funds
- Institutional Investors

H. Institutional Investors

Major participants include:

- Pension Fund Administrators
- Insurance Companies
- Mutual Funds
- Asset Managers
- Sovereign Wealth Funds

I. Retail Investors

Retail investors contribute significantly to market liquidity and long-term wealth creation.

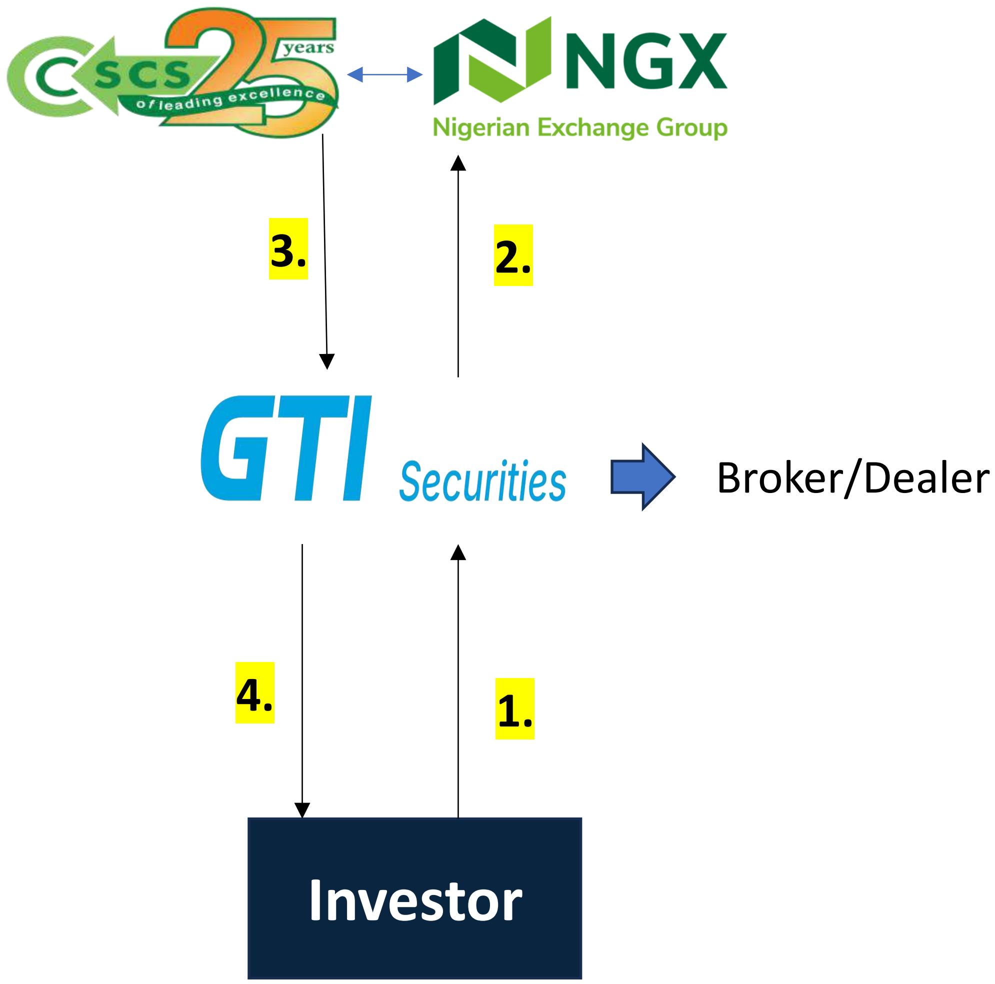
Broker–Investor Transaction Process

Trade Instruction Submission:
The Investor submits a Buy/Sell trade instruction to GTI Securities.

Trade Execution:
GTI Securities executes the trade on the Nigerian Exchange (NGX) in accordance with the Investor's instruction.

Trade Confirmation & Settlement:
GTI Securities confirms the executed trade, while settlement is processed through the Central Securities Clearing System (CSCS).

Securities & Funds Allocation:
Upon successful settlement, the purchased securities and corresponding funds are reflected in the Investor's designated account.



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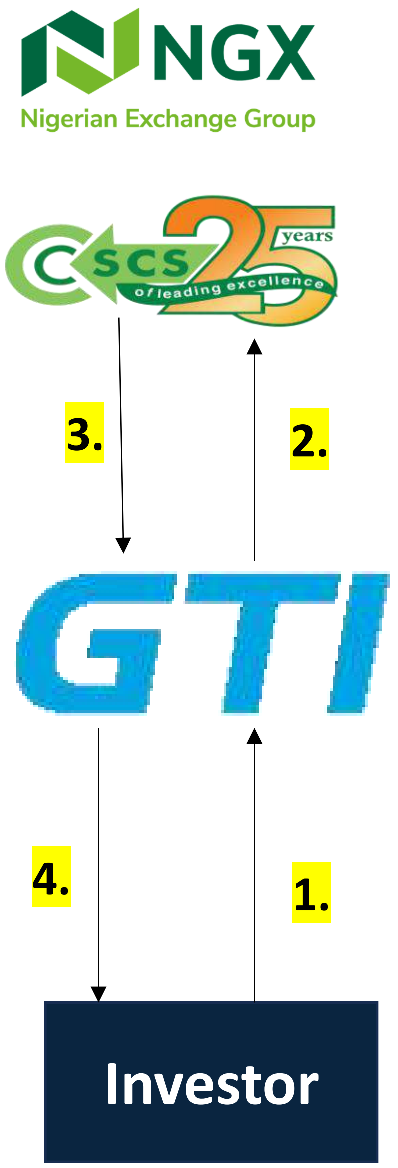

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Current Nigerian Capital Market Data & Insights

SECTION 04

Growth Drivers & Sector Performance

The Nigerian capital market has experienced remarkable growth over recent years. Key drivers include:

Banking Recapitalisation

Banks have raised substantial capital through:

- Rights Issues
- Public Offers
- Private Placements

This has increased market activity.

Strong Corporate Earnings

Many listed companies have recorded improved profitability due to:

- Inflation pricing power
- Exchange rate adjustments
- Operational efficiencies

Increased Domestic Participation

Domestic institutional investors continue to dominate market activity.

Pension assets have grown significantly, providing steady liquidity.

Leading sectors include:

Banking	Consumer Goods	Telecomms	Industrial Goods	Agriculture	Oil & Gas

SECTION 04

Outlook & Emerging Trends

Future growth will depend on:

- Inflation moderation
- Interest rate direction
- Exchange rate stability
- GDP growth
- Government reforms
- Infrastructure investment

Emerging Trends

- Digital investing
- Artificial Intelligence
- ESG investing
- Green finance
- Financial inclusion
- FinTech integration

05

Capital Market Regulatory Perspective

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Regulatory Framework

An efficient capital market depends on strong regulation.

Securities and Exchange Commission (SEC)

Functions include:

- Registration of market operators
- Investor protection
- Market development
- Enforcement
- Corporate governance oversight

Nigerian Exchange (NGX)

Responsible for:

- Listing Rules
- Market surveillance
- Trading regulation
- Corporate disclosures

Central Securities Clearing System (CSCS)

Ensures:

- Settlement efficiency
- Electronic custody
- Investor protection

Other Regulatory Institutions:

- Central Bank of Nigeria (CBN)
- Financial Reporting Council (FRC)
- Nigerian Financial Intelligence Unit (NFIU)
- Corporate Affairs Commission (CAC)
- Federal Inland Revenue Service (FIRS)

SECTION 05

Importance of Regulation

Regulation promotes:

- Transparency
- Market integrity
- Investor confidence
- Fair trading
- Financial stability

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06

Investment Strategies for Wealth Creation

Strategies A – D

A. Long-Term Investing

- Remain invested through market cycles.
- Compounding creates wealth.

B. Value Investing

Purchase fundamentally strong companies trading below intrinsic value.

C. Dividend Investing

Focus on companies with:

- Consistent earnings
- Stable dividend history
- Strong cash flow

D. Growth Investing

Invest in companies with:

- High earnings growth
- Expansion potential
- Innovation

SECTION 06

Strategies E – H

E. Diversification

- Banking
- Telecoms
- Industrials
- Agriculture
- Fixed Income
- Mutual Funds
- ETFs

F. Dollar Cost Averaging

Invest consistently, regardless of market movements. This reduces timing risk.

G. Portfolio Rebalancing

Review investments periodically. Adjust asset allocation based on:

- Age
- Risk tolerance
- Investment objectives

H. Avoid Emotional Investing

Successful investors avoid:

- Rumours
- Herd mentality
- Panic selling
- Greed

Golden Rules

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1. Invest with a long-term perspective.
2. Conduct thorough research before investing.
3. Diversify across sectors and asset classes.
4. Understand your risk tolerance.
5. Reinvest dividends to benefit from compounding.
6. Review your portfolio regularly and rebalance when necessary.
7. Seek professional advice where appropriate.

GTI Investment Group

GTI Securities

- Securities Dealing
- Portfolio Management
- Share/Wealth Recovery
- Investment Advisory

GTI Asset Management & Trust Limited

- Mutual Funds
- Wealth Management

GTI CAPITAL LTD

- Investment Banking
- Advisory Services
- M&A
- Private Equities

GTI MICROFINANCE BANK ...empowering small business

- Business Finance
- SME Banking
- Digital Banking

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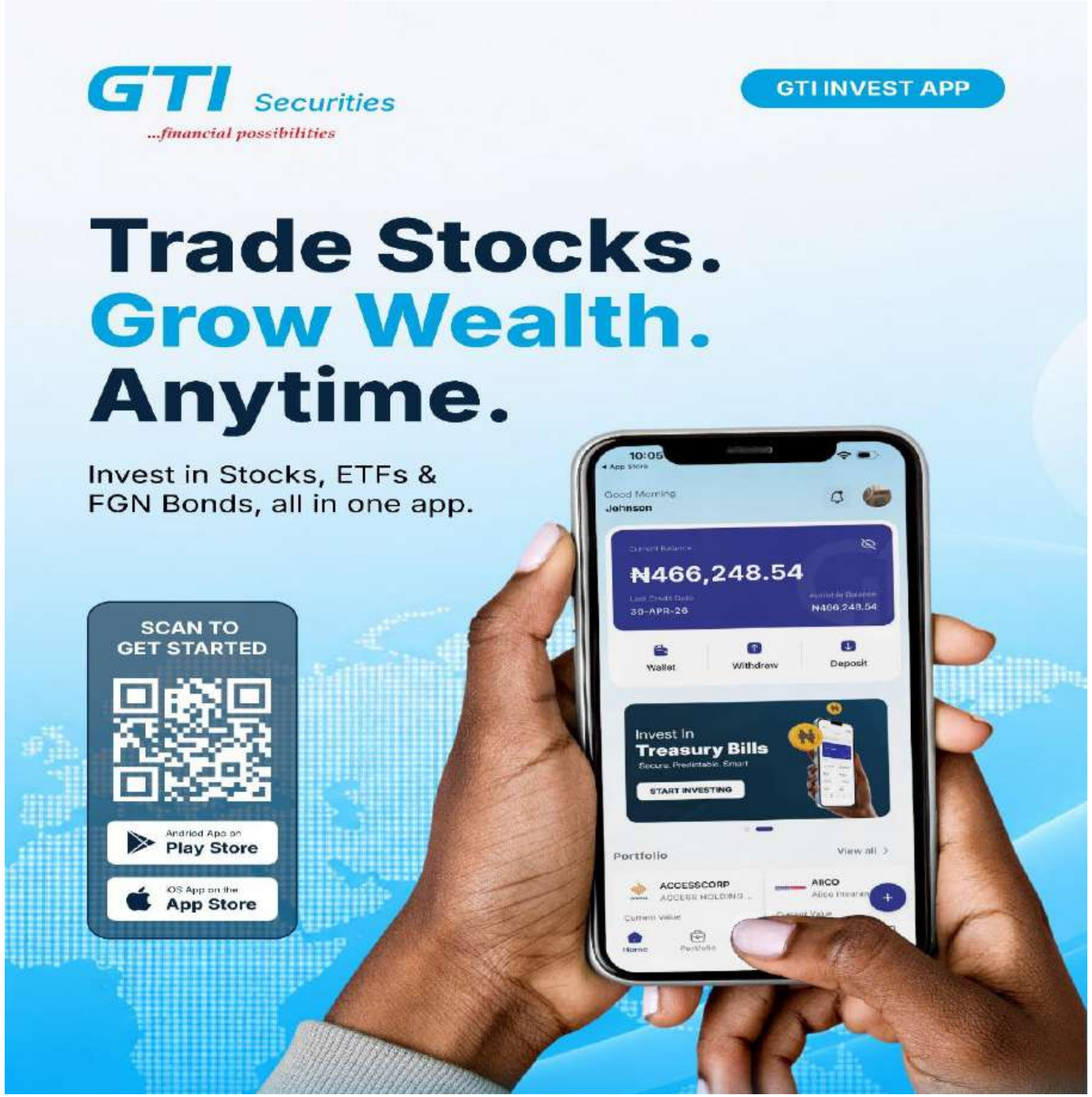
GTI Invest App by GTI Securities



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Career Opportunities for Chartered Accountants

Where Chartered Accountants Fit In (1/2)

Stockbroking

- Investment Adviser
- Portfolio Manager
- Equity Trader
- Business Development

Investment Banking

- Financial Advisory
- Mergers & Acquisitions
- Capital Raising
- IPO Advisory

Asset Management

- Fund Manager
- Research Analyst
- Portfolio Analyst

Equity Research

- Financial modelling
- Company valuation
- Industry analysis
- Investment recommendations

Corporate Finance

- Valuation
- Capital restructuring
- Due diligence
- Financial advisory

Where Chartered Accountants Fit In (2/2)

Risk Management

- Enterprise Risk
- Market Risk
- Credit Risk
- Operational Risk

Compliance

- AML Compliance
- Regulatory Reporting
- Corporate Governance
- Internal Control

Internal Control and Audit

- Strong controls
- Risk management
- Operational efficiency

Investor Relations

Professionals communicate financial performance to investors and analysts.

FinTech

- Digital investment platforms
- WealthTech
- Data analytics
- Artificial Intelligence
- Blockchain applications

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Why Chartered Accountants Have a Competitive Advantage

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Core Competencies

Chartered Accountants understand:

- Financial statements
- Cash flow analysis
- Business valuation
- Corporate governance
- Risk management
- Strategic decision-making

These competencies position chartered accountants for leadership roles across the capital market.

09 Recommendations for Chartered Accounts

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Recommendations

Recommendations for Chartered Accountants to Break into the Capital Market

- Acquire capital market certifications (e.g., Authorized Dealing Clerk, Chartered Institute of Stockbrokers (CIS), CFA)
- Develop expertise in financial modelling, valuation, and investment analysis.
- Embrace technology, data analytics, and artificial intelligence.
- Build strong ethical standards and professional integrity
- Pursue continuous professional development in finance and investment

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Thank You

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