

2026

Nigeria Capital Markets Outlook

The Inflection Point: Real Rates, Real Opportunity



January 2026

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Letter from the CEO

Dear Reader,

I have a confession. When we started building Venoble, there were days I was not sure the timing was right. Nigeria's capital markets can be difficult to love. Liquidity dries up without warning and policy shifts at incomparable speeds. The data infrastructure that investors in London or New York take for granted simply does not exist here yet. But still, I kept coming back to a question that wouldn't leave me alone: if not now, when?

Something is changing. You can see it in the pension funds that have more than quadrupled their equity allocations in three years. You can see it in the foreign capital that returned at a pace nobody expected. You can see it in every conversation. Not just with fund managers on the Island, but with a 26-year-old in Abuja who opened a brokerage account for the first time last quarter because, the process is now accessible, and the returns are impossible to ignore.

That is the story of 2026 for me, not the macro numbers. You'll find those in the pages that follow, and the data from 2025 is encouraging, but the true victory is participation. More Nigerians are entering the capital markets than at any point in history. The NGX surpassed ₦100 trillion in market capitalisation. The real question is what happens when the next wave arrives: the retail investors, the diaspora capital, the pension money still sitting in fixed deposits earning negative real returns.

I believe Nigeria is at the front of something larger. Not just because of anecdotal stories but because the numbers are actually moving: a \$25 billion annual remittance corridor, a refinery that will reshape the country's external balance, and a technology ecosystem already producing global companies. What's been missing is the market infrastructure to channel all of this into long-term wealth creation, and that gap is closing. Fast.

We don't have all the answers, but we're committed to doing our part. We will always endeavor to build the solutions that further this remarkable story, because we believe Nigerian investors deserve better tools and insights. to grow and protect their wealth. That same belief drives everything in this report.

Thank you for reading. I hope you find something here that changes how you think about the year ahead.

“The question is no longer whether Nigeria's capital markets will mature. It's whether you'll be positioned when it does.”

E.J. Ibhawoh

Founder & CEO, Venoble Limited
January 2026



Executive Summary

KEY CALLS FOR 2026

- 1 GDP growth of 4.2% (base case), driven by non-oil recovery and Dangote refinery contribution.
- 2 Headline inflation to decelerate to c.13% by year-end. Food CPI already at 8.89%, lowest since mid-2015.
- 3 CBN easing cycle underway (27.5% to 27.0%), with 200–300bps of further cuts expected through 2026.
- 4 Naira to trade ₦1,450–1,550/USD on NAFEM (base case), supported by ~\$46bn reserves.
- 5 NGX All-Share Index to deliver 30–40% total return, led by banking recapitalisation and institutional flows.
- 6 Real yields on T-bills positive for the first sustained period since 2019 (VNG-CRR confirms).

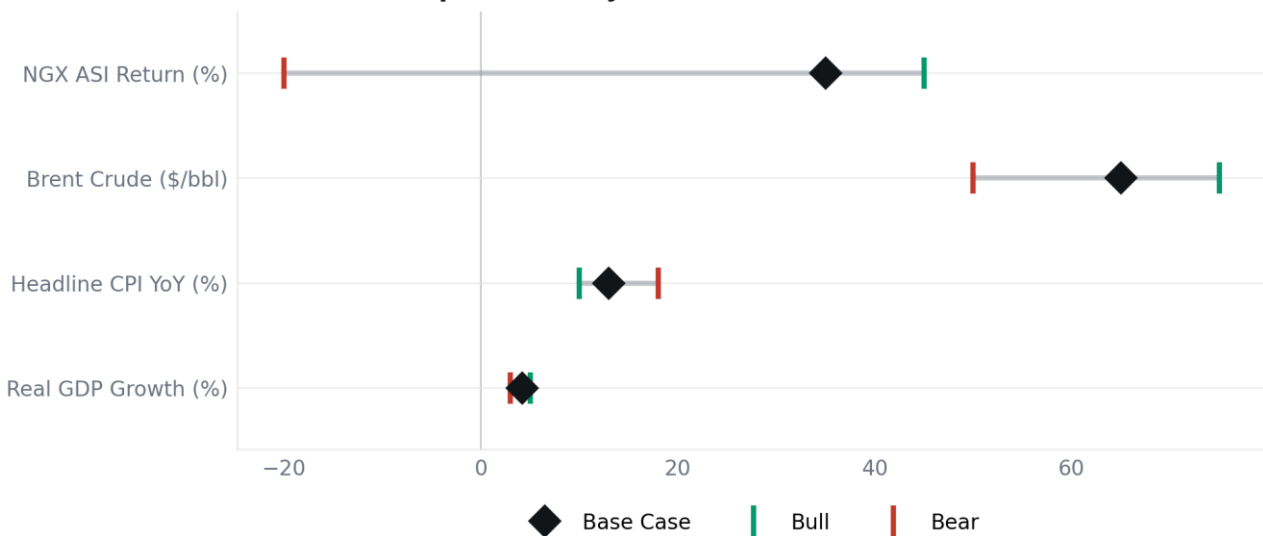
Macro Overview

Nigeria's economy printed 3.98% growth in Q3 2025. That's up from 2.54% two years earlier. Headline inflation collapsed from 34.80% (Dec 2024) to 15.10% (Jan 2026), with food CPI hitting single digits for the first time since mid-2015. Cardoso cut the MPR 50bp to 27.0% in September 2025, the first easing move since 2020. The hard part of the reform cycle (subsidy removal, Naira float, tax overhaul) is done. The question for 2026 is whether the payoff arrives in asset prices.

Capital Markets Outlook

Fixed income is our highest-conviction overweight. This easing cycle creates a once-in-a-cycle duration opportunity in FGN bonds. At the January 7 NTB auction, the 91-day cleared at 15.8%, up slightly from 15.5% in December but still down nearly 270bp from mid-2025 highs. We favour the 5–10Y belly of the curve. The biggest risk to the entire thesis is an oil price shock below \$55 that reverses the fiscal and FX improvement simultaneously.

Scenario Comparison: Key Indicators



Source: Venoble Research



Risks to Watch

In the bear case (25% probability), Brent falls below \$55 and the fiscal math breaks. Reserves drop, the Naira tests ₦1,700+, and the disinflation story reverses. Every Nigerian allocator should size against it.

SCENARIO	GDP	INFLATION	MPR	₦/USD	NGX RETURN
Bull	5.0%	10.0%	22.0%	1,400	+45%
Base	4.2%	13.0%	24.0%	1,550	+35%
Bear	3.0%	18.0%	27.0%	1,800	-20%

PART I

Macroeconomic Overview

Global context, GDP & growth, inflation, monetary policy, fiscal policy, and FX.

1. Global Economic Context

Global Growth & Monetary Policy

The IMF projects global growth at 3.3% for 2026, with EM economies expanding at 4.2%. We don't spend time on these numbers. For Nigerian allocators, the global backdrop transmits through exactly two channels: the Fed funds rate (currently 3.50–3.75%) sets the opportunity cost for FPI capital, and Brent crude funds roughly half of Nigeria's fiscal revenue. Everything else is noise.

The Fed held rates at the January meeting and is widely expected to hold through mid-year. Market consensus points to two additional cuts this year (June and September). Why does that matter? FPI into Nigeria hit \$12.99bn in the first nine months of 2025, with Q3 alone surging 439% YoY. Over 80% went into money market instruments initially, though that share fell to c.61% by Q3 as investors rotated into bonds. Lower US rates mean lower EM opportunity cost, which means more demand for NGN assets. Stanbic IBTC warned that external shocks could derail Nigeria's outlook. We think the risk is real but containable if Brent holds above \$60.

Commodity Prices: Oil and Fiscal Transmission

Brent opened 2026 near \$61/bbl, climbing to \$72 by late January. The EIA's January STEO projects \$56/bbl on average for 2026, with the EIA and IEA projecting global supply surpluses of 2–4 mb/d in H1. Goldman Sachs sees \$64. We use \$65 as our working assumption, which sits above the 2026 budget benchmark of \$64.85.

The transmission chain is what matters. Brent feeds into FAAC allocations, which fund state governments and drive fiscal headroom. FAAC feeds into reserves (\$46.3bn at last count), which backstop FX supply on NAFEM, which anchors Naira stability, which determines the pace of disinflation, which ultimately drives real returns on every Nigerian asset. At \$75 Brent, the 2026 budget runs a manageable deficit. At \$50, the entire chain unravels. Size your portfolio around that number.

Brent Crude Oil Price (\$/bbl)



Source: EIA/FRED, Venoble Research

Source: EIA/FRED, Venoble Research

Implications for Nigeria

Our base case: Brent at \$65, Fed holds at 3.50–3.75%, moderate FPI inflows continue into NGN fixed income. That supports FX stability around ₦1,450–1,550, continued disinflation, and room for Cardoso to deliver another 200–300bp of cuts. The bear scenario? Brent below \$55, global risk-off. All three reverse. We assign 55% probability to the base case.

GLOBAL CONTEXT

Nigeria's markets transmit through two channels: Brent crude (~50% of fiscal revenue) and US rates (FPI opportunity cost). Our base: Brent \$65/bbl, Fed funds 3.50–3.75%. Both supportive.

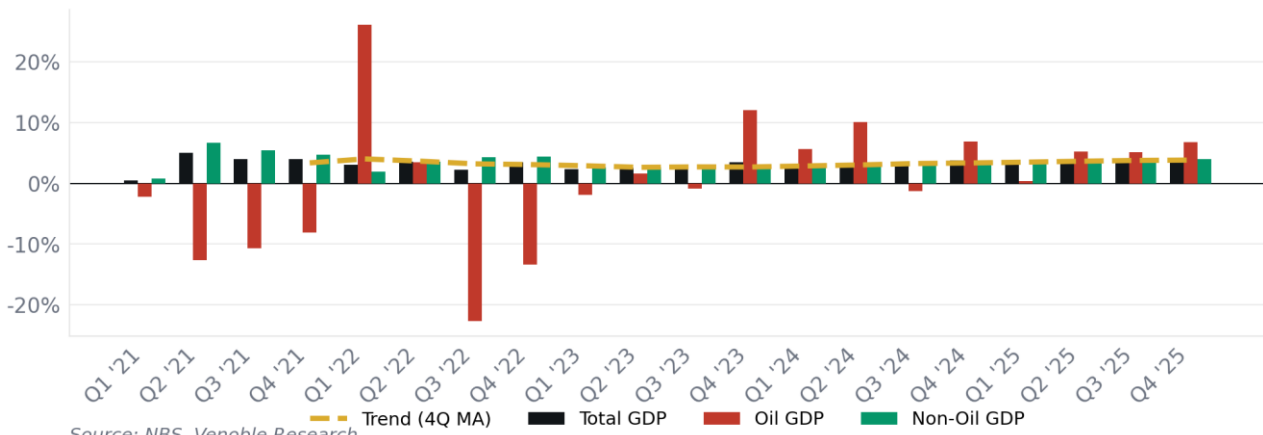
Sources: IMF World Economic Outlook (Jan 2026); Federal Reserve FOMC (Jan 2026); EIA Short-Term Energy Outlook (Jan 2026); Goldman Sachs Global Investment Research; NBS Capital Importation Report Q3 2025; Stanbic IBTC 2026 Outlook.

2. Nigeria GDP & Growth Outlook

Real GDP Growth

Nigeria's GDP growth has generally trended higher since Q1 2023 (2.31%). Q4 2024 printed 3.84%. Q3 2025 came in at 3.98%, up from 2.54% two years earlier. Three drivers explain it: Naira float (Jun 2023) forced import substitution. Subsidy removal freed up fiscal space. Dangote Refinery is ramping toward full capacity, already supplying 62% of domestic PMS by January 2026.

Consensus for 2026 is tightly clustered: IMF at 4.4% (January 2026 WEO Update), CBN at 4.49%, CardinalStone at 4.4%, PwC at 4.3%. We sit slightly below at 4.2%. Why? The government's oil production target of 2.06 mbpd is unrealistic. Actual oil production (crude and condensate) averaged c.1.46 mbpd in the first ten months of 2025 (per NUPRC), and the January 2026 OPEC figure was 1.46 mbpd. Closing that gap requires pipeline security and OPEC+ quota flexibility that we don't see arriving this year. Cordros expects the economy to "gradually move beyond shock absorption," and we agree on direction but not on magnitude.

Nigeria Real GDP Growth (Quarterly, YoY %)

Source: NBS, Venoble Research

Oil vs Non-Oil GDP

Non-oil GDP is the real story. Services account for c.53–58% of output, and CardinalStone forecasts financial services growth of 20.3% for 2026. MTN Nigeria posted record revenue of ₦5.2 trillion, with data now 53% of the top line. Dangote's refinery supplied 62% of domestic PMS in January 2026. Annual FX outflows on refined product imports are down an estimated \$4–5 billion as a result.

Oil GDP is volatile and policy-dependent. The OPEC+ quota stands at 1.5 mbpd. Abuja's budget assumes 1.84 mbpd. We see 1.6–1.7 mbpd as more realistic, which means oil revenue will undershoot the budget by 10–15%. The investment opportunity isn't in oil production. It's in the non-oil sectors that are quietly compounding regardless of what OPEC decides.

Quantify the gap. The budget assumes 1.84 mbpd at \$64.85/bbl. Actual production is 1.46 mbpd , a shortfall of 0.38 mbpd. At \$64.85 × 365 days, that missing oil is roughly \$9 billion per year, or approximately ₦13.5 trillion at ₦1,500/\$. That’s roughly 40% of the government’s total revenue target. This isn’t a rounding error. It’s the single largest fiscal risk to 2026 macro stability.

The investment thesis doesn’t depend on oil. Non-oil GDP is growing above 3.5%, driven by services and financial intermediation. That means the sectors we are overweight , notably banking (GTCO, Zenith), telecoms (MTN), and industrials (Dangote Cement), are compounding revenue regardless of OPEC quotas or pipeline sabotage. This is the structural shift that makes Nigerian equities investable even in a weak oil environment.

Sectoral Analysis

Agriculture grew 3.79% in Q3 2025 but remains constrained by insecurity in the food belt. Industry expanded 3.77%, boosted by Dangote’s capacity ramp and cement demand. Services, at c.53–58% of GDP, are the growth engine. Telecoms, fintech, and financial services are all growing above 10% YoY. We expect services to carry the economy in 2026 while agriculture benefits from a good harvest season (if the rains come on time in the northeast).

SECTOR	% OF GDP	2024 AVG	2025E AVG	2026F ²	DRIVER
Agriculture	23%	3.6%	3.8%	4.0%	Harvest, food prices
Industry	20%	3.5%	3.8%	4.5%	Dangote, cement
Services	57%	4.0%	4.5%	4.8%	Fintech, telecoms
Total GDP	100%	3.4%	3.8%	4.2%	

² Annual average growth rate.

Sources: NBS GDP Report Q3 2025; IMF World Economic Outlook (Jan 2026); CBN Communiqué (Sep 2025); CardinalStone 2026 Outlook; PwC Nigeria Economic Outlook 2026; Cordros 2026 Outlook; OPEC Monthly Oil Market Report (Jan 2026).

3. Inflation & Consumer Prices

Headline Inflation Trajectory

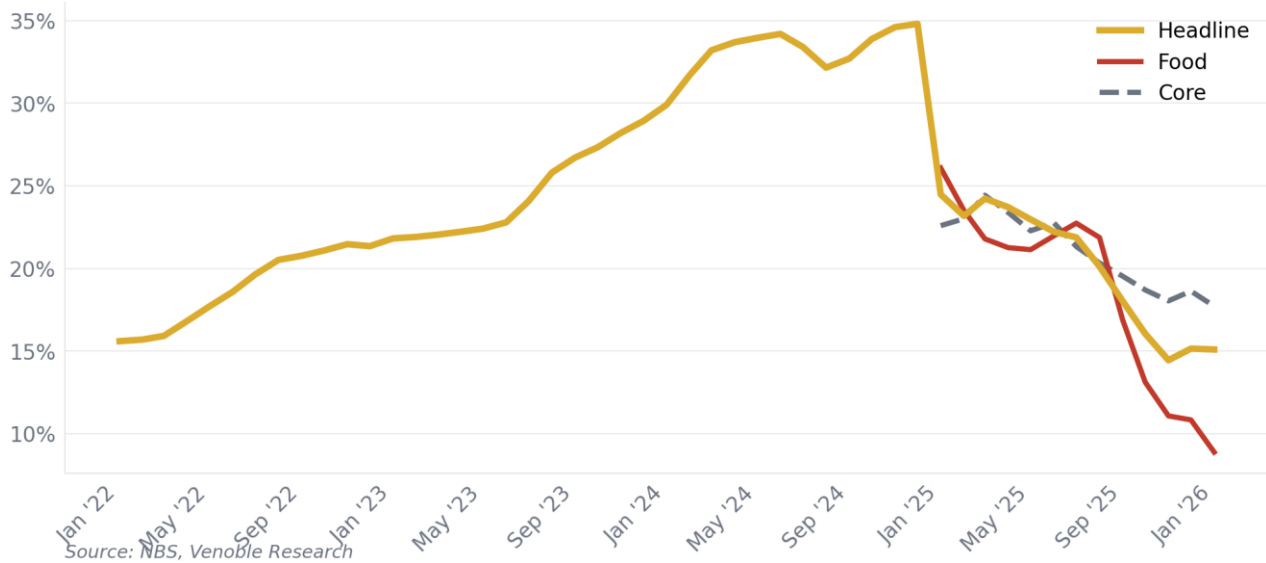
The disinflation is real. Headline CPI fell from 34.80% to 15.10% in thirteen months. And it changes the maths on every Nigerian asset.

Headline CPI peaked at 34.80% in December 2024 (old base) and fell to 15.10% by January 2026. Eight consecutive months of decline from April through November 2025, with December ticking up to 15.15% on a methodology revision before resuming the decline. Food inflation fell from 26.08% (January 2025, new base) to 8.89%, its first single-digit reading since mid-2015. That’s not a typo. Food CPI had not been below 10% since mid-2015.

The decomposition tells you what is structural and what is base effects. Food disinflation (down 17 percentage points) is driven by harvest season, Naira stability reducing import costs, and Dangote PMS supply easing transport costs. Core inflation (17.72%) is stickier, driven by services, rent, and lagged pass-through of prior Naira weakness. The gap between food and core is 9 percentage points. That gap matters because it tells you where further disinflation will come from (food) and where it won’t (core, without more rate cuts).

Here’s the Venoble angle: with CPI at 15.1% and the 91-day T-bill at 15.80%, the real yield is +0.7%. Barely positive. But every basis point of further disinflation is a basis point of real return on your T-bill portfolio. That’s why the inflation trajectory isn’t just a macro variable. It’s the single most important input for cash returns.

Nigeria CPI Inflation (YoY, %)



Source: NBS, Venoble Research

CPI Rebasing & Year-End Projections

NBS rebased the CPI effective January 2025 (new base: 2024 = 100). The basket expanded from 740 to 960 items. This makes direct YoY comparisons across the rebase discontinuous. The headline drop from 34.80% to 15.10% spans the old and new base periods; approximately half of the decline reflects the statistical rebasing and broader basket, with the remainder representing genuine disinflation. Our VNG-CRR index uses a chain-linking factor of 0.11523 at the overlap month to maintain a continuous 17-year series. The methodology is transparent and documented at venoble.com.

Our year-end 2026 inflation forecast: 13% base case, 10% bull, 18% bear. The bull case requires a good harvest and Naira below ₦1,400. The bear case requires Brent below \$55 and a disorderly Naira depreciation. CBN projects 12.94% on average for 2026. Cordros sees 14.70% year-end. CardinalStone is at 13.9%. We are in the middle of the pack, and frankly this is our lowest-conviction macro call. Food inflation is noisy and we can’t predict the rains.

METHODOLOGY NOTE

The VNG-CRR uses chain-linking across the Dec 2024 CPI rebasing (factor: 0.11523) to maintain a continuous 17-year series.

Sources: NBS Consumer Price Index Reports (Jan 2025 – Jan 2026); CBN MPC Communiqué (Sep 2025); Cordros Research; CardinalStone Research; Venoble VNG-CRR Pipeline.

4. CBN Monetary Policy

MPR Outlook & Liquidity Management

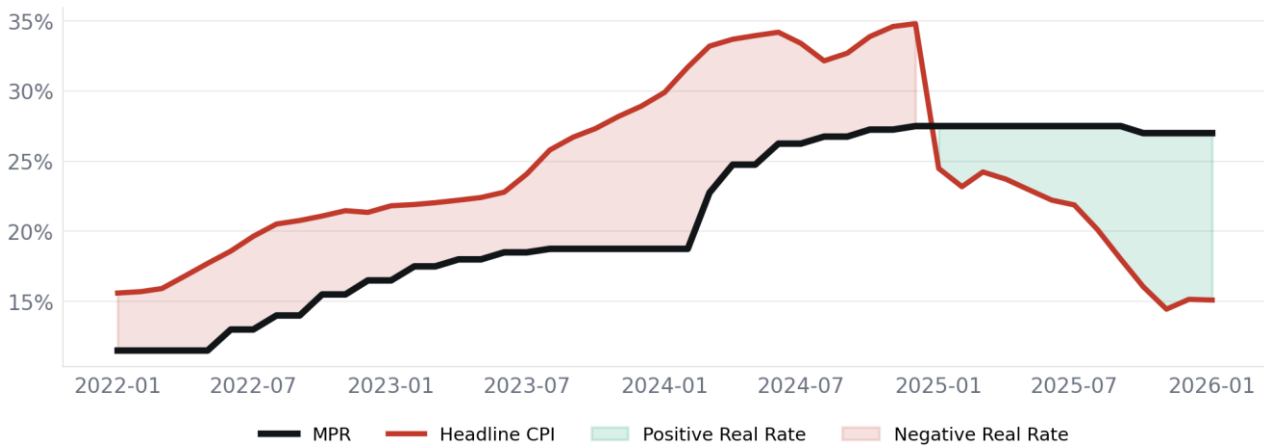
Cardoso hiked the MPR from 18.75% to 27.5% across six meetings in 2024. He was building on the tightening that began under his predecessor. Eight hundred and seventy-five basis points in nine months. The most aggressive single-year cycle in CBN

history. Then the pivot: 27.0% in September 2025. The first cut was 50bp and unanimous. Cardoso called it "reflecting growing confidence in our disinflation process."

Our call: four to six 50bp cuts in 2026. That puts the MPR at 24.0–25.0% by December. CardinalStone expects 300–400bp of total cuts this year. We think that's aggressive. Cordros is more cautious, and we are closer to Cordros. The condition for acceleration is clear: if headline CPI breaks below 13% and food inflation stays in single digits, Cardoso moves to 100bp clips. If food re-accelerates (bad harvest, Naira spike), he pauses. The next MPC meeting is February 23–24, 2026. We expect a hold, with the first move potentially at the May meeting if disinflation has continued.

The CRR remains at 45% for commercial banks and 16% for merchant banks. Enormous liquidity, sterilised. When Cardoso eventually begins unwinding CRR (not in 2026, in our view), the impact on money markets will be large. That's a 2027 story.

Monetary Policy Rate vs. Headline Inflation



Source: CBN, NBS, Venoble Research

Source: CBN, NBS, Venoble Research

Real Interest Rate Analysis

MPR at 27.0% minus CPI at 15.1% gives a real policy rate of +11.9%. One of the highest in the world. That's not an accident. Cardoso is running an explicitly tight real rate to anchor disinflation expectations and attract foreign capital. The VNG-CRR confirms the real-world impact: cash instruments have delivered positive real returns for several consecutive months now, the first sustained positive period since early 2019.

What does this mean for allocators? Cash isn't dead money anymore. It's a competitive asset class. Any equity or real estate investment must clear the real cash yield to justify its risk. The question is whether Cardoso cares more about crushing inflation to single digits or about supporting growth. We think inflation wins until H2 2026, then growth takes over. But September's communiqué language was genuinely ambiguous on the balance of priorities.

VNG-CRR INSIGHT

For the first time since early 2019, cash instruments deliver positive real returns. The real policy rate stands at +11.9%, the widest spread since the tightening cycle began.

Sources: CBN MPC Communiqués (all 2024–2025 meetings); CardinalStone 2026 Outlook; Cordros 2026 Outlook; CBN Statistical Bulletin.

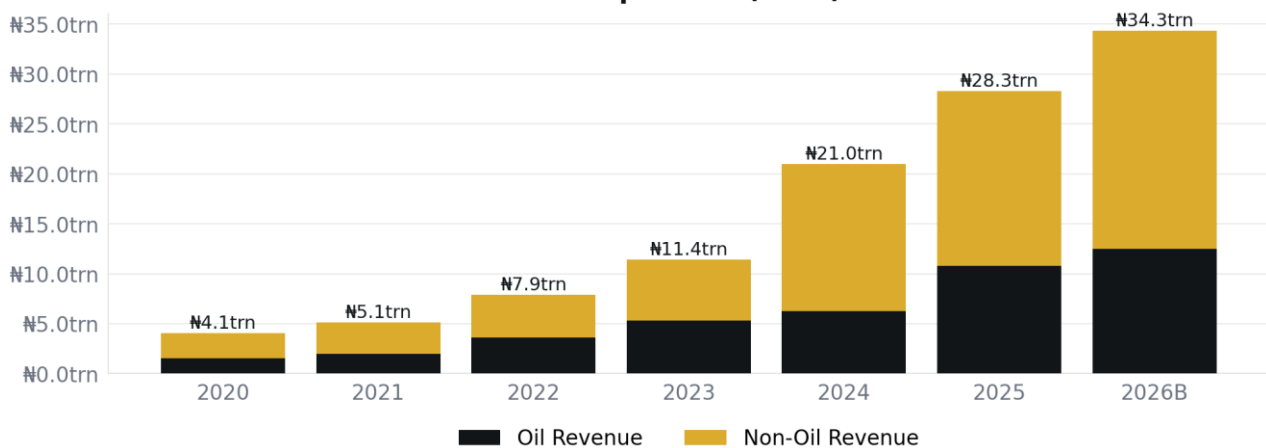
5. Fiscal Policy & Government Finances

2026 Budget & Revenue Analysis

The revenue numbers speak for themselves. Non-oil taxes exceeded target by ₦3.4 trillion in 2025. The Nigeria Revenue Service (NRS, replacing FIRS) is targeting ₦40.7 trillion for 2026, up from ₦28.3 trillion collected in 2025. Tinubu signed the tax reform bills in June 2025, consolidating 60+ levies into fewer than 10 statutes. Tax-to-GDP is climbing toward c.10%. The shift matters more than the headline number.

Tinubu’s 2026 budget tells a different story. Total expenditure: ₦58.18 trillion. Revenue target: ₦34.33 trillion. Deficit: ₦23.85 trillion (4.3% of GDP). The budget assumes oil at \$64.85/bbl and production at 1.84 mbpd. Oil closed January near \$72, above the benchmark for now, but the EIA’s January STEO projects a 2026 average of \$56 as global supply builds. Actual January production was 1.46 mbpd (per OPEC). The production gap alone creates a multi-trillion naira revenue shortfall. Cordros flagged the oil production gap as the primary fiscal risk in their 2026 outlook, and we agree. CardinalStone is more sanguine on non-oil revenue offsetting the shortfall.

Federal Government Revenue Composition (₦ trn)



Source: Budget Office, CBN, Venoble Research

Source: Budget Office, CBN, Venoble Research

Oil price sensitivity is severe. Every \$1/bbl below the \$64.85 budget benchmark costs roughly ₦800 billion per year in lost revenue (at 1.46 mbpd actual production × 365 × ₦1,500/\$). If Brent averages \$56 (the EIA’s January forecast), the price shortfall alone is approximately ₦7 trillion, before accounting for the production gap. Combined with the 0.38 mbpd production miss, the total oil revenue shortfall could exceed ₦20 trillion against the budget target. This makes non-oil revenue execution existential, not aspirational.

The 2027 general elections loom over H2 2026. Nigeria’s election cycles reliably produce fiscal acceleration: increased infrastructure spending, social transfers, and security outlays. Historically, the 12 months before an election see a 15–20% increase in government spending relative to budget. A wider deficit means more FGN bond issuance. That’s why we’re overweight duration: supply is coming, and we want to be positioned before it arrives.

Debt service at 113% of retained revenue means the government must borrow to service existing debt, a definitional Ponzi dynamic. But the bond market can absorb it. Pension assets (₦27T), bank recapitalisation liquidity (₦4T+ raised in 2025), and domestic savings channelled through PFAs create structural demand for FGN paper. The trade is clear: buy duration before the election-driven supply wave arrives. Yields will compress on the front end as the CBN eases, while the belly offers carry plus capital gains.

Debt Sustainability

Nigeria's debt-to-GDP ratio of c.35% (Moody's 2026 estimate) looks manageable by EM standards. That number is misleading. The real problem is debt service relative to revenue. In Q1 2025, total debt service consumed 113% of retained revenue. The IMF-World Bank DSA threshold for external debt service is 23% for strong-capacity countries, and even Nigeria's external component alone exceeds it. The November 2025 Eurobond issuance (\$2.35 billion, ~5.5x oversubscribed) shows market access remains intact. But access and sustainability aren't the same thing. The 2027 election cycle will put upward pressure on spending from H2 2026. That's when fiscal discipline gets tested.

INDICATOR	2023A	2024A	2025E	2026F
Expenditure (₦T)	21.8	29.0	35.1	58.2
Revenue (₦T)	11.4	21.0	28.3	34.3
Deficit / GDP	4.0%	4.4%	3.9%	4.3%
Debt / GDP	38%	36%	35%	~35%

Sources: Budget Office of the Federation; DMO Debt Statistics (Q1 2025); IMF-World Bank Debt Sustainability Analysis; Moody's Sovereign Rating Report; Cordros 2026 Outlook; CardinalStone 2026 Outlook.

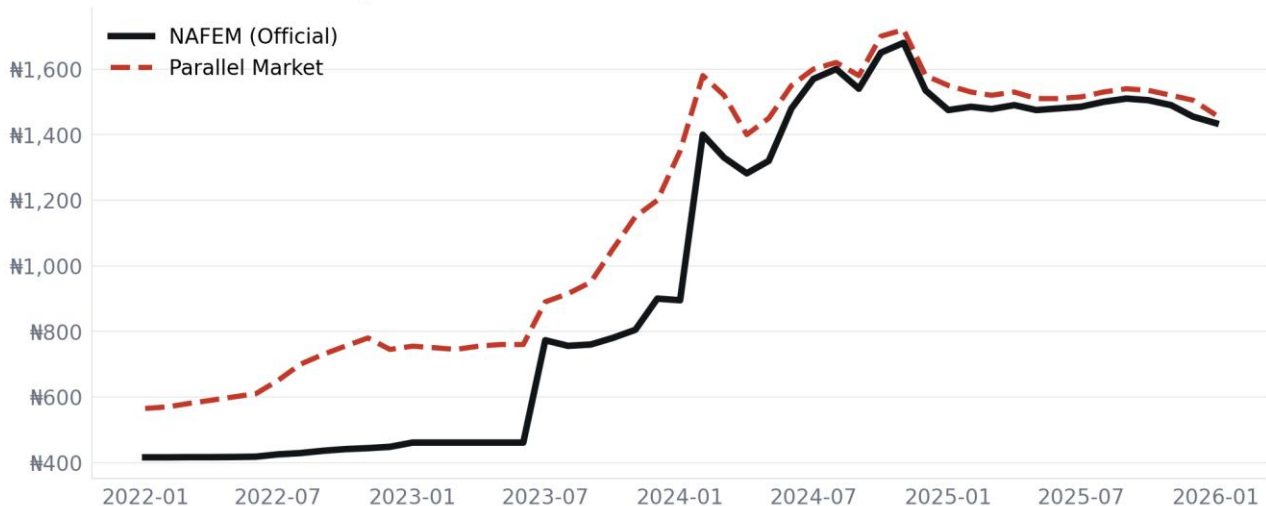
6. Foreign Exchange & External Sector

NAFEM Rate Outlook

The Naira has been the unexpected surprise of 2025–2026. Cardoso's FX unification policy, launched in June 2023, is finally delivering. From above ₦1,700/\$ on the parallel market in late 2024 to ₦1,435/\$ on NAFEM in January 2026, with a parallel premium of just ₦20–50, the narrowest gap since the float. FMDQ daily FX turnover rose from \$150 million (2021) to \$430 million (2025). The market is deeper, more liquid, and more transparent than at any point in memory.

Our year-end range: ₦1,450–1,550 base case, ₦1,350–1,400 bull, ₦1,700–1,800 bear. Cordros sees ₦1,350. CardinalStone sees ₦1,350–1,450. Afrinvest is at ₦1,431. We are deliberately wider than consensus because the Naira's current strength is oil-funded, not structurally earned. If Brent drops below \$55 for a sustained period, reserves deplete, FX supply dries up, and the parallel market reopens. That's not our base case but it deserves a wider range than the street is pricing.

Naira/USD Exchange Rate



Source: CBN, FMDQ, Venoble Research

Source: CBN, FMDQ, Venoble Research

External Reserves & Capital Flows

Reserves hit \$46.3 billion in January 2026, a multi-year high. The build-up came from multiple sources: record remittances estimated at \$25 billion in 2025 (up from \$19.5 billion in 2023 per World Bank data), a \$2.35 billion Eurobond issuance in November 2025, and continued FPI inflows attracted by high yields. Import cover stands at over 9 months. CBN spent \$7.8 billion on FX management in 2025 (per Stanbic IBTC), and still reserves grew.

Remittances are replacing oil as the FX driver. Approximately 60% of diaspora flows originate from the US and UK alone. Afrinvest revised full-year 2025 capital importation upward to \$23.3 billion, which would mark the strongest annual figure in six years. But here is the composition problem: FPI accounts for 80%+ of capital flows in 9M 2025, and only 3.3% is FDI. Short-term, yield-chasing money. If real yields compress faster than expected, the flows reverse.

For international investors, the carry is indeed significant. NGN fixed income yielding 15–18% against a broadly stable currency. The NGX returned approximately +59% in USD terms in 2025, boosted by Naira appreciation. But position sizing should reflect the 20–30% annualised NAFEM volatility.

INDICATOR	2023A	2024A	2025E	2026F
₦/USD (NAFEM, Y/E)	900	1,535	1,455	1,550
Reserves (\$bn)	33.2	40.9	45.5	50–55
Import Cover (mo)	5.1	6.5	8.5	9.7
Remittances (\$bn)	19.5	20.9	25.0	~26

Sources: CBN/FMDQ Exchange Rate Data (Jan 2026); CBN External Reserves Statistics; World Bank Migration & Remittances Data 2025; NBS Capital Importation Q3 2025; Afrinvest 2026 Outlook; Stanbic IBTC Research; Cordros 2026 Outlook; CardinalStone 2026 Outlook.

PART II

Capital Markets Outlook

Fixed income, equities, and the VNG-CRR real return analysis.

7. Fixed Income Markets

Treasury Bills & FGN Bonds

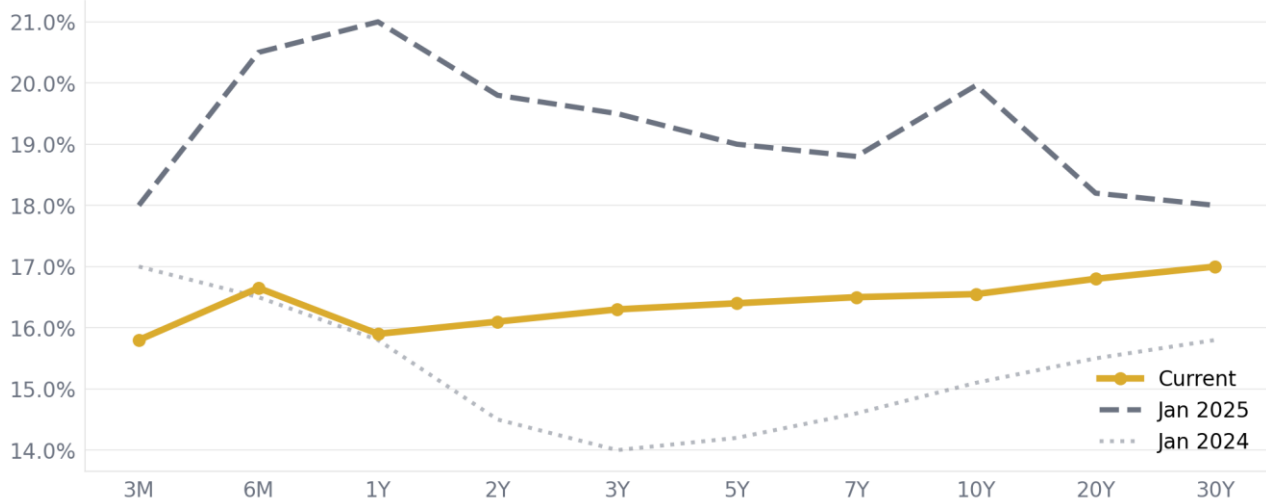
This is the trade. The January 7 NTB auction set the tone for 2026: the 91-day bill cleared at 15.80%, up 30bp from December's 15.50% but still down nearly 270bp from mid-2025 highs. Demand held up. At the 364-day tenor, yields are below 16.5%.

Markets are positioning for the easing cycle to continue.

FGN bonds tell the same story. The January DMO auction attracted ₦2.25 trillion in subscriptions against ₦900 billion offered (2.5x). The 10-year closed at 16.55% in late January. The curve is normalising from its deeply inverted shape as short rates fall faster than long rates. The September MPC cut initiated this trend.

Our duration call: the 5–10Y belly offers the best risk-adjusted returns. Short-end T-bills (15–16% carry) are fine for cash management, but the capital gains opportunity is in the belly. Cordros sees NTB yields at 12.5% and bond yields at 12.9% by year-end. We think 12.5% NTB is aggressive. We see 13–14% for the 91-day and 14–15% for the 10-year by December. The long end (20Y+) carries 2027 election political risk that we don't want to own yet.

FGN Bond Yield Curve



Source: DMO, Venoble Research

Source: DMO, Venoble Research

Real Yield Analysis

The 91-day real yield (T-bill rate minus CPI) is approximately +0.7%. Thin, but positive. Move further out the curve and the real yield picture improves: the 5-year FGN bond at c.16.4% delivers a real yield of roughly +1.3% against current inflation. The 10-year at 16.55% gives +1.5%. Real yields turn negative only if you believe inflation re-accelerates above 17%, which requires a bear scenario on oil and FX.

This is analysis nobody else publishes for Nigeria. Cordros, CardinalStone, and Afrinvest all publish nominal yield forecasts. None of them frame the duration decision through a real yield lens. That's what the VNG-CRR makes possible: a continuous, real-time measure of whether your fixed income allocation is actually earning or losing ground to inflation.

Overweight Nigerian fixed income for 2026. Preference for 5–10Y FGN bonds where base-case total returns of 20–30% (carry + price gains) clear the VNG-CRR cash hurdle by a wide margin.

Estimated Total Returns: Base Case

Total return = carry (coupon/yield) + price gain from yield compression. We use modified duration to approximate the price effect of our year-end yield forecasts. This is bond math, not opinion; the only subjective input is the yield forecast itself.

SEGMENT	CURRENT YIELD	Y/E FORECAST	EST. TOTAL RETURN
91-Day NTB	15.80%	13–14%	14–15%
5Y FGN Bond	16.40%	14–15%	20–25%
10Y FGN Bond	16.55%	14–15%	25–30%

Note: Total return estimates use modified duration approximation and assume parallel yield shift. NTB return is carry only (no price gain at maturity). Bond estimates exclude convexity effects and assume reinvestment at forecast yields. Actual returns will vary with curve shape and timing.

Sources: CBN NTB Auction Results (Jan 2026); DMO Bond Auction Results (Jan 2026); FMDQ Secondary Market Yield Data (Jan 2026); Cordros Research.

8. Equities Market

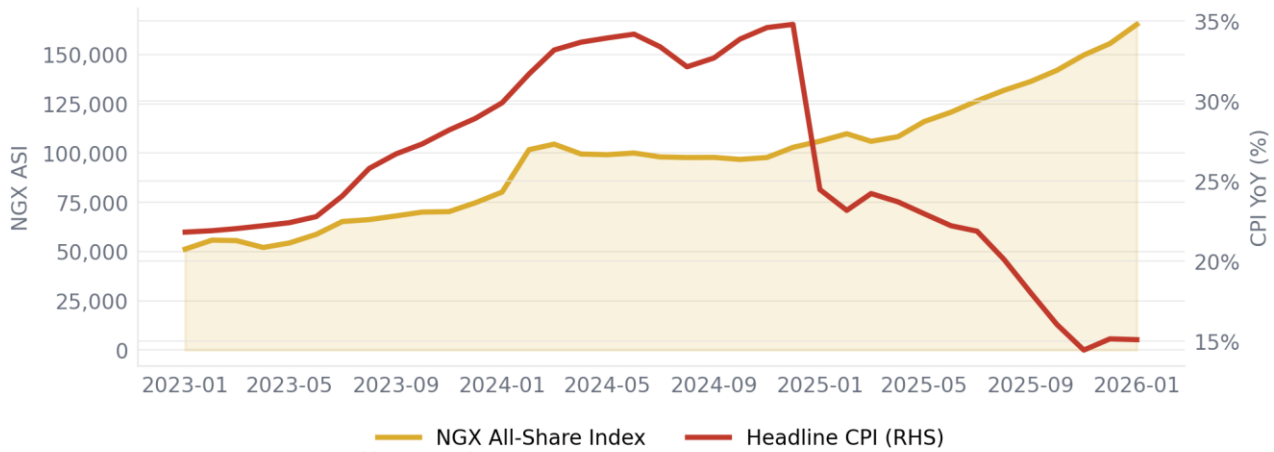
NGX All-Share Performance & Valuations

The NGX has been extraordinary. +37.7% in 2024. +51% in 2025. Over 6% in the first month of 2026, with the ASI at 165,370 at end-January. Market capitalisation exceeded ₦100 trillion. In USD terms, the NGX delivered approximately +59% in 2025, boosted by the Naira's appreciation.

What drove it? Bank recapitalisation. Twenty of 33 banks are on track to meet the CBN's March 31, 2026 deadline. They've raised over ₦4 trillion in fresh capital through rights issues and public offers. Insurance companies are on their own recap wave. Pension assets now total ₦27 trillion, with equity allocation up from ₦908 billion in 2022 to ₦3.96 trillion in 2025.

But the PMI printed 49.7 in January 2026, the first sub-50 January reading on record. Consumer goods index rallied 130% in 2025, yet margin compression persists. We forecast 30–40% NGX total return for 2026 (base case 35%), below the sell-side consensus of 40%+. Our relative caution reflects three headwinds the consensus underweights: bank EPS dilution from recapitalisation share issuance (ROE normalising from 25% to 20–23%), the onset of election-cycle uncertainty from Q3, and the mathematical reality that three consecutive years of 35%+ returns (2023–2025) has no precedent in NGX history. The easy beta trade is done. 2026 is a stock-picker's market.

NGX All-Share Index vs. Headline Inflation



Source: NGX, NBS, Venoble Research

Source: NGX, NBS, Venoble Research

Foreign Portfolio Investment

FPI hit \$12.99 billion in the first nine months of 2025, with Q3 FPI surging 439% YoY (total capital imports rose 380%). In Q3 2025, the UK accounted for 48.8% of portfolio flows, the US 15.8%, South Africa 12.9%. Afrinvest revised full-year estimates to \$23.3 billion. But the composition is telling: 80%+ went into money market instruments, not equities. Foreign investors are buying Nigerian yield, not Nigerian earnings. The first net positive foreign equity flow in three years showed up in late 2025, but it was modest.

What brings more equity FPI? Three conditions: sustained FX stability (check), positive real rates (check), and corporate governance improvements (work in progress). The Dangote Refinery IPO, expected in H1 2026, could be the trigger that pulls foreign equity capital off the sidelines. If it lists, it would be the largest IPO in Nigerian history.

Sector Strategy & Key Picks

We favour banking (overweight), insurance (overweight), and industrials (overweight). We are underweight consumer staples. Banking is the recap trade: Tier-1 banks are raising capital at 2–3x book value, and Cordros expects sector EPS growth of c.19% (per their 2026 outlook report). Insurance is the next recap re-rating. Industrials benefit from Dangote-driven import substitution. Consumer goods face margin compression from input costs that haven't fully normalised despite Naira stability.

TICKER	COMPANY	SECTOR	MKT CAP	P/E	SECTOR EPS'	YIELD	VIEW
GTCO	GT Holding Co.	Banking	₦4.3T	6.1x	+19% ¹	6.9%	Overweight
ZENITH	Zenith Bank	Banking	₦3.7T	3.6x	+19% ¹	5.8%	Overweight
DANGCEM	Dangote Cement	Industrials	₦13.1T	13.0x	+12% ²	3.9%	Overweight
MTNN	MTN Nigeria	Telecoms	₦15.9T	14.3x	+15% ²	4.0%	Overweight



SEPLAT	Seplat Energy	Oil & Gas	₦3.9T	18.9x	+8% ²	4.9%	Neutral
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Market data as of January 31, 2026. Source: NGX, StockAnalysis.com. P/E = trailing twelve months. ¹Cordros sector consensus. ²Venoble estimate.

We add SEPLAT to the watchlist at Neutral. It's the only independent E&P on the NGX, offering direct oil exposure without conglomerate noise. The Oil & Gas sector returned -2% in 2025 as upstream stocks lagged the broader market. SEPLAT's PIA conversion gives it access to better fiscal terms, but Brent uncertainty caps the upside. We would upgrade to Overweight on sustained Brent above \$70/bbl or evidence of production gains above 75,000 boe/d.

Sectors to Watch

Each sector below gets our view, the driver, and the risk. We are specific because vague sector calls are worthless.

- **Banking:** Recapitalisation underway. 20 of 33 banks on track to meet the March 31 deadline. Watch Tier-2 M&A activity. Overweight.
- **Oil & Gas:** Dangote Refinery ramping toward full capacity, already reducing refined product imports. PIA implementation is progressing. Sector returned -2% in 2025 as upstream stocks lagged. SEPLAT is our Neutral-rated E&P pick; would upgrade on Brent >\$70. Hold for structural FX tailwind.
- **Telecoms & Tech:** MTN posted ₦5.2tn revenue (data 53% of total). NCC-approved 35% tariff hike (initially proposed at 50%, reduced after labour pushback) boosts ARPU but adds to inflation. 5G penetration below 3%. Overweight MTN on data monetisation.
- **Industrials:** Dangote Cement dominates. 62% of domestic PMS from the refinery in January 2026. Cement demand rising with infrastructure spend. Overweight DANGCEM on import substitution and capacity ramp.
- **Consumer Goods:** Index rallied 130% in 2025 on pricing power recovery. But input cost pass-through lags and margins remain compressed. New progressive CGT (up to 25% for individuals) on equity disposals above N10m is a headwind. Underweight.

Sources: NGX Group Market Data; CBN Banking Supervision Reports (Jan 2026); PenCom Industry Report (Dec 2025); NBS Capital Importation Q3 2025; Nairametrics; BusinessDay; Cordros Securities; StockAnalysis.com (equity fundamentals as of Jan 31, 2026); Afrinvest 2026 Outlook.

9. The VNG-CRR Index: Real Return Analysis

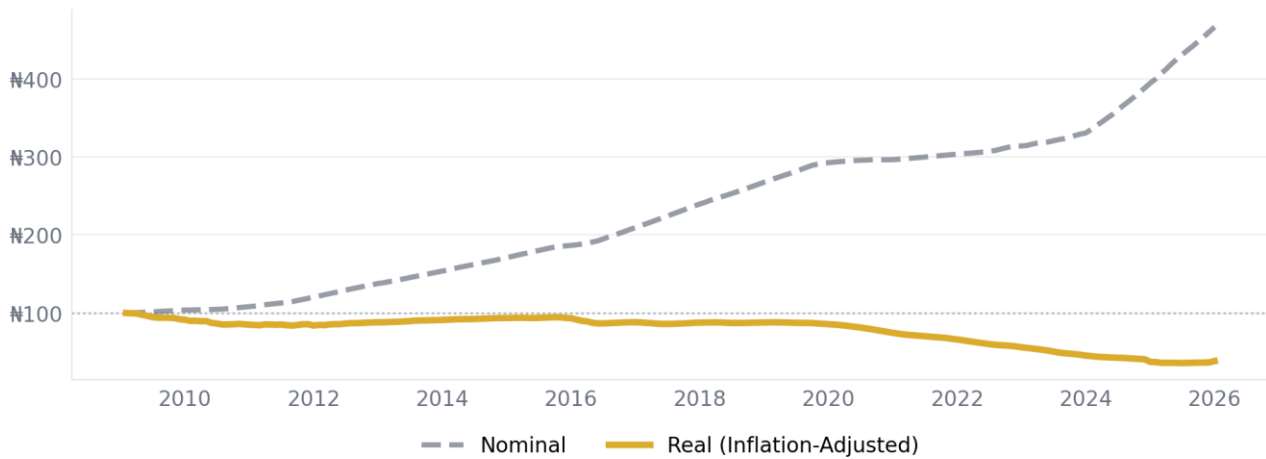
The Venoble Nigeria Cash Real Return Index (VNG-CRR) measures the real, inflation-adjusted return from holding Nigerian cash. 91-day T-bill yield minus CPI inflation, compounded monthly. Seventeen-year continuous history from February 2009 to present. This is uniquely ours, and no other Nigerian research house publishes an equivalent.

Index Performance Update

As of January 2026, the VNG-CRR nominal index stands at 1,182 (base 1,000 = January 2025). The real index is at 1,027. Translation: ₦1,000 invested in rolling 91-day T-bills at inception is now worth ₦1,182 in nominal terms but ₦1,027 after adjusting for inflation. Cash is beating inflation. Not by much, but it's beating it.

The monthly real yield has been positive for several consecutive months running. That is the first sustained positive stretch since early 2019. The annualised nominal return over the full 17-year backtest is +9.48%. The annualised real return is -5.48%. Read that again. Cash holders lost roughly 5.5% of purchasing power per year for 17 years.

VNG-CRR Index: Growth of ₦100



Source: Venoble Research, CBN, NBS

Source: Venoble Research, CBN, NBS

Historical Insights

The heatmap below shows the regime changes. Long stretches of red (2010–2015, 2020–2024) where inflation ate through nominal yields. Brief green patches (2017, early 2019) where tightening cycles created temporary real returns. And now, from mid-2025 onwards, a growing block of green as the current tightening cycle pushes real rates decisively positive.

This regime change is historically significant. Nigeria last sustained positive real cash rates in 2017–2018, during the post-recession tightening. What happened then? The NGX rallied 42% in 2017. Bond yields compressed roughly 400bp as the CBN eased. Precedent is clear: tight real rates attract capital, capital compresses yields, yield compression lifts asset prices.

VNG-CRR Monthly Real Returns (%)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2009		-0.6	-0.4	-0.3	-1.5	-1.5	-1.7	-0.7	-0.1	-0.1	-0.3	-1.7
2010	-0.7	-1.7	+0.2	-0.7	+0.2	-2.6	-0.8	-1.5	+0.1	+0.3	+0.6	-0.6
2011	-0.6	-0.4	-0.5	+1.3	-0.2	-0.3	+0.3	-1.0	-0.6	+0.8	+1.1	+0.2
2012	-2.0	+0.9	-0.3	+1.0	+0.4	+0.0	+1.0	+0.5	+0.1	+0.2	+0.4	+0.3
2013	+0.3	-0.0	+0.2	+0.3	+0.3	+0.4	+0.5	+0.7	+0.2	+0.2	+0.2	+0.2
2014	+0.3	+0.4	+0.3	+0.3	+0.1	+0.1	+0.2	+0.4	+0.3	+0.3	+0.2	+0.1
2015	+0.2	+0.2	+0.0	+0.1	-0.2	-0.1	+0.2	+0.3	+0.3	+0.3	-0.2	-0.7
2016	-0.5	-1.9	-1.6	-0.9	-2.0	-0.9	-0.0	+0.3	+0.4	+0.4	+0.4	+0.2
2017	+0.2	-0.4	-0.5	-0.4	-0.7	-0.4	-0.0	+0.2	+0.3	+0.4	+0.3	+0.5
2018	+0.2	+0.1	+0.2	+0.1	-0.2	-0.4	-0.3	-0.1	+0.1	+0.2	+0.1	+0.2
2019	+0.2	+0.1	+0.1	-0.1	-0.2	-0.3	-0.2	-0.0	-0.1	-0.2	-0.5	-0.5
2020	-0.6	-0.5	-0.6	-0.9	-0.9	-1.0	-1.1	-1.2	-1.4	-1.5	-1.6	-1.6
2021	-1.4	-1.4	-1.4	-0.8	-0.8	-0.8	-0.7	-0.8	-0.9	-0.8	-0.9	-1.6
2022	-1.2	-1.4	-1.6	-1.6	-1.5	-1.6	-1.6	-1.4	-0.8	-0.7	-0.8	-1.5
2023	-1.8	-1.5	-1.3	-1.4	-1.7	-1.9	-2.3	-2.7	-1.6	-1.2	-1.4	-1.6
2024	-2.2	-1.7	-1.6	-0.9	-0.7	-0.9	-0.6	-0.6	-1.1	-1.1	-1.1	-0.8
2025	-8.2	-0.7	-2.2	-0.3	+0.1	-0.2	-0.7	+0.6	+0.5	+0.4	+0.1	+0.8
2026	+4.4											

Source: Venoble Research, CBN, NBS

Source: Venoble Research, CBN, NBS

Implications for Allocators

The VNG-CRR creates a hurdle rate framework for every Nigerian asset. The nominal T-bill yield is c.15.8%. CPI is 15.1%. Real yield: +0.7%. Thin. But positive. Any equity or alternative investment must clear this hurdle to justify its risk. If equities can't beat risk-free cash in real terms, why take the risk?

This is the allocator question for 2026. In an environment where cash earns positive real returns for the first time in years, the bar for risk-taking is higher. We think selected equities (banking recap, Dangote industrials) and duration-extended FGN bonds can clear the hurdle. But passive cash is no longer the penalty it was in 2021–2024 when the VNG-CRR was printing deep red every month.

INDEX NOTE

The VNG-CRR is the only continuous, publicly available benchmark for real returns on Nigerian cash. IOSCO-aligned methodology. Full data at venoble.com.

Sources: Venoble Research VNG-CRR Pipeline (204-month backtest, Feb 2009 – Jan 2026); CBN 91-day T-bill Auction Results; NBS Consumer Price Index Reports; Methodology: venoble.com/methodology.

PART III

Risk Assessment & Portfolio Positioning

Scenario analysis, risk factors, asset allocation, and strategy recommendations.

10. Risk Assessment & Scenario Analysis

Scenario Framework

We assign 20% probability to the bull case, 55% to the base, and 25% to the bear. The bull requires Brent above \$70, accelerated easing (400–500bp, including possible 100bp clips), and sustained FPI inflows. The base assumes Brent at \$65, 200–300bp of cuts, and gradual disinflation to 13%. The bear requires Brent below \$55 for two or more quarters, policy reversal on FX or subsidies, and capital outflows. In this scenario the CBN faces a stagflationary trap: inflation too high to cut, growth too fragile to hike. It holds the MPR at 27.0% throughout 2026. We are slightly more bearish than the street because the oil supply surplus (2–4 mb/d per EIA/IEA) creates genuine downside risk to Brent.

VARIABLE	BULL (20%)	BASE (55%)	BEAR (25%)
Real GDP	5.0%	4.2%	3.0%
Year-End CPI	10.0%	13.0%	18.0%
MPR (Y/E)	22.0%	24.0%	27.0%
₦/USD	₦1,400	₦1,550	₦1,800
Brent (\$/bbl)	\$75	\$65	\$50
NGX Return	+45%	+35%	–20%
VNG-CRR Real	+2.5%	+0.7%	–3.0%

Key Risk Factors

- Oil Price Shock (30% prob.):** Brent below \$55 for two quarters collapses FAAC, drains reserves, forces Naira devaluation. EIA’s January STEO forecasts \$56 average with 2–4 mb/d surplus. This is our highest-impact risk. What we would do: cut equity exposure to 10%, extend FGN bond duration (flight-to-domestic-quality), increase offshore to 20%.
- 2027 Election Fiscal Loosening (70% prob.):** Pre-election spending historically begins 12–18 months before polls. From H2 2026, expect supplementary budgets, accelerated infrastructure contracts, and political appointments. Moderate impact: fiscal slippage raises debt issuance but doesn’t derail the disinflation trajectory alone. What we would do: position for higher bond supply (belly may cheapen temporarily).
- Bank Recap Fallout (40% prob.):** If thirteen or more banks miss the March 31 deadline, the CBN may signal forced mergers. Impact would be contained because the 20 compliant banks hold 80%+ of system assets, but smaller bank depositors may panic. What we would do: stay in Tier-1 names only, avoid Tier-2 and merchant banks.
- Global Risk-Off (25% prob.):** US recession or tariff escalation triggers EM capital outflows. FPI reverses. NAFEM comes under pressure. Trump’s 14% reciprocal tariff on Nigeria has limited direct trade impact (US = 7% of exports) but indirect oil price decline matters more. What we would do: raise cash allocation, reduce duration exposure.
- Security and Food Supply (35% prob.):** Bandits and insurgents killed 2,266+ people in H1 2025 (per Nigeria’s National Human Rights Commission). Farming disruption in the food belt could reverse food disinflation. If the rains come late in the northeast, food CPI re-accelerates and the CBN pauses easing. What we would do: monitor food CPI monthly, cut FI duration if food inflation exceeds 12%.

For context, Stanbic IBTC identifies external shocks and capital flow reversal as the primary risks to their constructive outlook. Cordros weights oil price risk highest, consistent with our framework. The consensus underweights election-cycle fiscal risk, which we think is a mistake.

Sources: EIA Short-Term Energy Outlook (Jan 2026); CBN MPC Communiqué (Sep 2025); NHRC (National Human Rights Commission) H1 2025 Report; Stanbic IBTC 2026 Outlook; Cordros 2026 Outlook; Venoble Research scenario analysis.

11. Portfolio Positioning & Implications

Asset Allocation Framework

The numbers tell you what to do, trust the numbers. With the MPR at 27.0% against headline CPI of 15.1% (January 2026), the real policy rate stands at +11.9%, the widest positive spread since the tightening cycle began. This anchors our base-case asset allocation. At minimum, Venoble Nigeria Cash Real Return Index is the hurdle rate every asset class must clear.

Fixed income dominates our base case (40%). The easing cycle, signalled by the September 2025 50bp cut to 27.0%, creates a duration opportunity in FGN bonds. We favour the 5–10Y belly of the curve where yields have compressed from 22%+ to 16–18%, with further gains likely as the CBN delivers 200–300bp of cuts through 2026. Short-duration T-bills and money market instruments (15%) provide carry at 15–16% with minimal duration risk.

Equities receive a moderate 25% base allocation. The NGX rally (+51% in 2025, +37.7% in 2024) is supported by the bank recapitalisation programme, a lasting tailwind as Tier-1 banks raise ₦4+ trillion in fresh equity. We are selective: overweight banking and industrial sectors, underweight consumer staples where margin compression persists.

Alternatives (15% base) include REITs and infrastructure exposure via private credit funds. These provide inflation protection and diversification away from the rates cycle.

The 10% offshore allocation serves as an FX hedge. USD money market funds, EM bond ETFs, and S&P 500 exposure via SEC-registered vehicles are the three instruments. With the Naira at ₦1,435/\$, we see the currency near our ₦1,400–1,500 fair-value range, but structural vulnerabilities (oil dependence, low non-oil exports) warrant maintaining dollar exposure.

ASSET CLASS	BULL	BASE	BEAR	RATIONALE
FGN Bonds 5Y–10Y	15%	25%	40%	Duration play on easing cycle
T-Bills / Money Mkt	15%	15%	15%	15–16% carry, positive real yield
Equities	45%	25%	10%	Bank recap, selective sectors
Alternatives	10%	15%	5%	Real assets, infrastructure
Offshore / FX Hedge	5%	10%	15%	Currency diversification, FX hedge
Cash Reserve	10%	10%	15%	Liquidity buffer
Total	100%	100%	100%	

Fixed Income & Equities Strategy

In fixed income, we position for 200–300bp of rate cuts by extending duration into the 5–10Y FGN bond segment. The yield curve has already begun to normalise from its deeply inverted shape, and we expect further steepening as short rates decline faster than long rates. In equities, we favour Tier-1 banks (GTCO, Zenith) trading at 2–3x book value with recapitalisation tailwinds, and industrial names (Dangote Cement) benefiting from import substitution. We are underweight consumer goods where input cost pressures persist. Cordros and CardinalStone both allocate roughly 30–35% each to fixed income and equities in their base cases. Our higher FI allocation reflects our view that the easing cycle offers a cleaner risk-reward than a three-year-old equity rally.

FX Risk Management

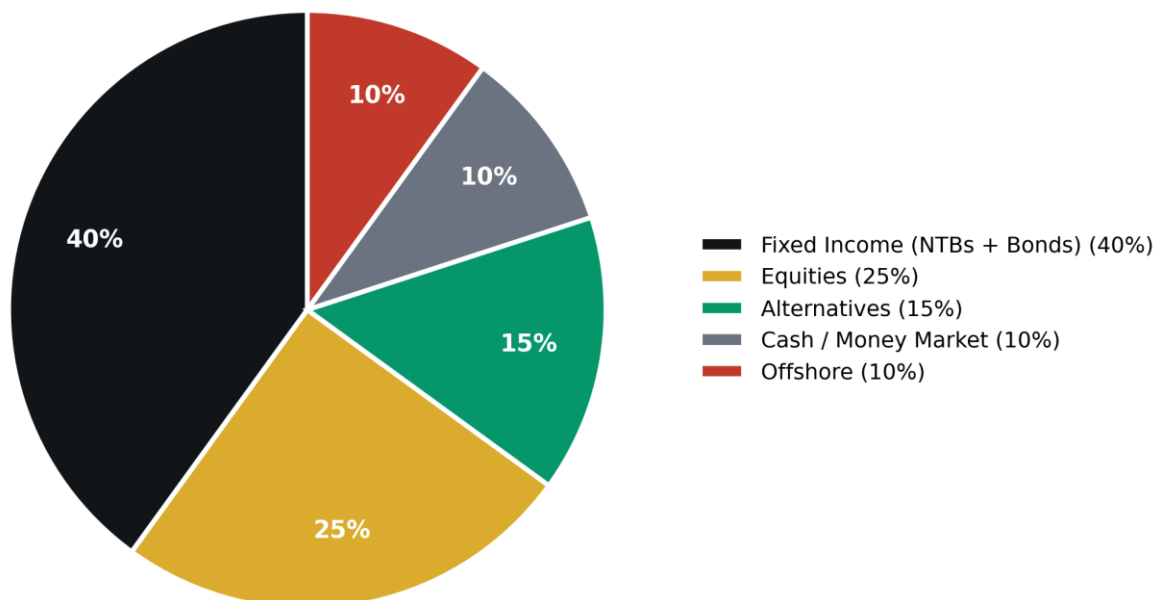
For domestic investors, the 10% offshore allocation hedges against any renewed Naira weakness. Instruments include USD money market funds for capital preservation, EM bond ETFs for yield diversification, and S&P 500 exposure via SEC-registered vehicles for long-term growth. Reserves at \$46.3 billion provide a buffer, but the FX market remains sensitive to oil price shocks and capital flow reversals.

For international investors, the carry math works. NGN fixed income yielding 15–18% against a broadly stable currency. But position sizing should reflect the 20–30% annualised volatility in the NAFEM rate. Size modestly. Scale in on weakness.

KEY ALLOCATION INSIGHT

Our VNG-CRR framework shows cash now delivers positive real returns for the first time since 2019. Any risky Nigerian asset must clear this hurdle. If it can't beat risk-free cash in real terms, it doesn't justify the risk.

Recommended Asset Allocation — Base Case



Source: Venoble Research

Source: Venoble Research

Sources: All preceding sections; Cordros 2026 Outlook (allocation comparison); CardinalStone 2026 Outlook (allocation comparison); Venoble Research.



Forecast Summary Table

Key Nigerian macro and capital market indicators across our three scenarios.

INDICATOR	2024A	2025E	2026F BASE	2026F BULL	2026F BEAR
Real GDP (Q4 YoY, %)	3.8	4.1	4.2	5.0	3.0
Headline CPI (Y/E)	34.8	15.2	13.0	10.0	18.0
MPR (%)	27.50	27.00	24.0	22.0	27.0
91-Day NTB (%)	18.0	15.5	13-14	11.0	16.0
₦/USD (NAFEM)	1,535	1,455	1,550	1,400	1,800
Reserves (\$bn)	40.9	45.5	55.0	60.0	40.0
Brent (avg \$/bbl)	81	69	65	75	50
Oil Prod (mbpd)	1.55	1.46	1.65	1.80	1.45
Deficit (% GDP)	4.4	3.9	4.3	3.5	5.5
NGX Return (%)	+37.7	+51.2	+35	+45	-20
VNG-CRR Real (%)	-12.5	-9.7	+0.7	+2.5	-3.0
VNG-CRR (Nominal)	985	1,166	1,340	1,320	1,370

Source: CBN, NBS, FMDQ, DMO, Bloomberg, Venoble Research. A=Actual, E=Estimate, F=Forecast.



Data Sources, Methodology & Glossary

Data Sources

CBN Monetary policy, T-bill auction data, reserves, exchange rates

NBS GDP, CPI, trade statistics, labour data

FMDQ FX rates (NAFEM), fixed income market data

DMO FGN bond issuance, public debt statistics

NGX Equities market data, listings, indices

IMF World Economic Outlook projections

Bloomberg / Reuters Global commodities, financial markets

VNG-CRR Methodology

Fisher equation real returns, Actual/365 Fixed day count, compound EAY. Base 1000 at January 2025, continuous back-test to February 2009. Chain-linking across Dec 2024 CPI rebasing (factor: 0.11523). Full methodology document available at venoble.com.

Abbreviations

ASI All-Share Index

bpd Barrels per day

bps Basis points

CBN Central Bank of Nigeria

CPI Consumer Price Index

CRR Cash Reserve Ratio

DMO Debt Management Office

EAY Effective Annual Yield

FAAC Federation Account Allocation Committee

FDI Foreign Direct Investment

FGN Federal Govt of Nigeria

FIRS Federal Inland Revenue Service

FMDQ FMDQ Securities Exchange

FPI Foreign Portfolio Investment

mbpd Million barrels per day

MoM Month-on-Month

MPR Monetary Policy Rate

MTEF Medium-Term Expenditure Framework

NAFEM Nigerian Autonomous FX Market

NBS National Bureau of Statistics

NGX Nigerian Exchange Group

NRS Nigeria Revenue Service

NTB Nigerian Treasury Bill

OMO Open Market Operations

PFA Pension Fund Administrator

PIA Petroleum Industry Act

PMS Premium Motor Spirit

QoQ Quarter-on-Quarter

REIT Real Estate Investment Trust

SDF Standing Deposit Facility

SLF Standing Lending Facility

VNG-CRR Venoble Nigeria Cash Real Return Index

Y/E Year-End



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We're fixing that.

Our first product is the Venoble Nigeria Cash Real Return Index (VNG-CRR). It tracks the actual purchasing-power return from holding 91-day Nigerian Treasury bills after inflation. Simple question, surprisingly nobody was answering it. It is the first continuous real-return benchmark for Nigerian cash, but it is not unique in this sense. Most every Venoble-created solution is the first of its kind yet extremely invaluable.

We're building more. A broader family of Nigerian market indices, covering equities, real yields, and sector benchmarks

We're also building a capital management platform for investors who want professionally managed exposure to a broad range of public and private assets, both domestically and abroad.

We are the firm turning the world's biggest economic opportunity into reality, one solution at a time.

Venoble is headquartered in Hamilton, Ontario, with operations in Lagos. The team is ex-investment banking, asset management, and technology, split between Canada and Nigeria.

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