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This Week In The Nigerian Capital Market

Equity Market Update

5th October 2020

Outline:

Introduction 3

Listed Equities by Sector and Performance 4

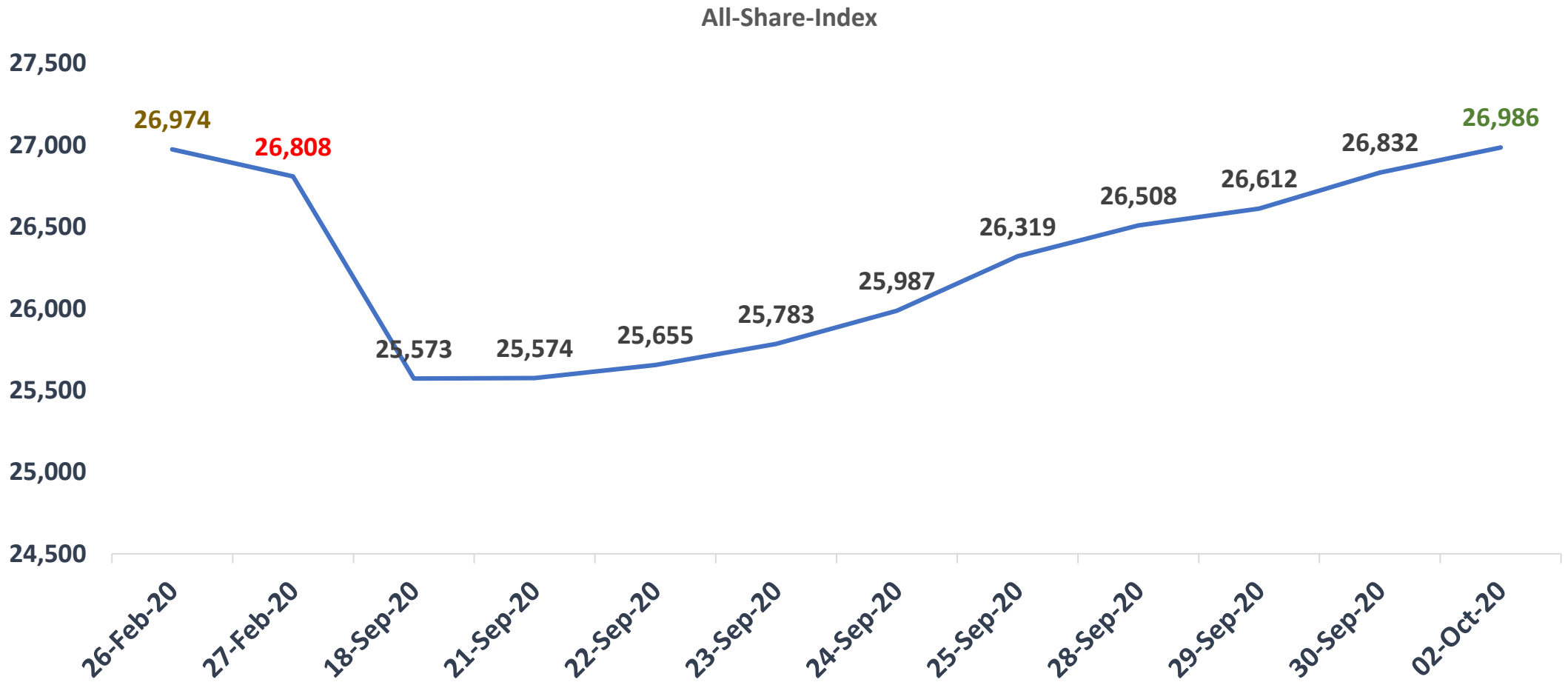
Stock Recommendation 13

Last week … 14

About Us 21

Introduction

- Nigeria's All Share Index has recouped all its losses as at close of trade on 2nd October 2020, trading higher than 26,808.24 it was on February 27th, the start of the crisis in Nigeria.
- In that seven-month period, we have not only seen recovery of the All Share Index, we have also seen re-allocation of value to the healthcare, telecoms and agricultural sectors from sectors and companies that are far from recovering their pre-coronavirus prices.



Introduction

- On 26th February 2020, the All-Share Index (ASI) year to date performance closed positive at **0.49%.**
- On 27th February 2020, the first case of the novel coronavirus was announced in Nigeria. On that day, the market lost **0.62%** to leave the year to date performance of the ASI at a loss of **0.13%** for the first time in 2020.
- On 2nd October 2020, 145 trading days after Nigeria's coronavirus index case, the ASI gained **0.57%** to establish the year-to-date performance at **0.54%**. It's first day since 27th February that the year to date performance will close in green.
- The gain recorded at the close of trading on Friday, 2nd October also extends the gaining streak of the market to 10 straight days, the highest this year.
- In this report, we classified all listed stocks on the Nigerian Stock Exchange (NSE) into sectors and sub-sectors in line with the NSE's classification. We listed the prices of the stocks as at year end (31st December 2019), pre-coronavirus (26th February 2020) and compared them to closing prices as at 2nd October 2020.
- **The goal is to establish the 'legroom' available for investors** to take advantage for long-term investments and possible speculative purposes.
- We will not fail to reiterate the significance of the downward review of MPR to the current positive run of the ASI, also the relevance of the latest fitch ratings.

Listed Equities by Sector – Pre-Covid Prices Compared to Current Prices

Company	02-Oct-20	26-Feb-20	Recovery from Covid-19 (%)	02-Oct-20	31-Dec-19	YTD Performance (%)	52 Wks High (₦)	52 Wks Low (₦)
Agriculture								
FTNCOCOA	0.26	0.20	30.00%	0.26	0.20	30.00%	0.26	0.20
OKOMUOIL	**80.00**	**68.00**	17.65%	80.00	55.60	43.88%	80.00	49.65
PRESCO	**53.00**	**49.85**	6.32%	53.00	47.50	11.58%	57.05	34.60
LIVESTOCK	0.56	0.63	-11.11%	0.56	0.50	12.00%	0.75	0.46
ELLAHLAKES	4.25	4.25	0.00%	4.25	4.25	0.00%	4.26	4.25
Health Care								
NEIMETH	1.80001	0.46	291.31%	1.80	0.62	190.32%	2.57	0.37
MAYBAKER	2.9	1.87	55.08%	2.9	1.93	50.26%	3.39	1.79
FIDSON	3.53	2.54	38.98%	3.53	3.10	13.87%	4.05	2.21
UNIONDAC	0.25	0.2	25.00%	0.25	0.22	13.64%	0.32	0.20
MORISON	0.6	0.5	20.00%	0.6	0.50	20.00%	0.60	0.45
EKOCORP	6	5.5	9.09%	6	4.25	41.18%	6.00	3.40
GLAXOSMITH	5	4.6	8.70%	5	6.10	-18.03%	8.60	3.45
EVANSMED	0.5	0.5	0.00%	0.5	0.50	0.00%	-	-
NIG-GERMAN	3.62	3.62	0.00%	3.62	3.62	0.00%	-	-
PHARMDEKO	1.5	1.5	0.00%	1.5	1.50	0.00%	-	-

Listed Equities by Sector – Pre-Covid Prices Compared to Current Prices contd.

Company	02-Oct-20	26-Feb-20	Recovery from Covid-19 (%)	02-Oct-20	31-Dec-19	YTD Performance (%)	52 Wks High (₦)	52 Wks Low (₦)
ICT								
AIRTELAFRI	**380**	**298.9**	**27.13%**	**380**	**298.90**	**27.13%**	**380.00**	**298.90**
MTNN	**130**	**112**	**16.07%**	**130**	**105.00**	**23.81%**	**132.00**	**90.00**
CWG	2.54	2.54	0.00%	2.54	2.54	0.00%	-	-
COURTVILLE	0.2	0.22	-9.09%	0.2	0.23	-13.04%	0.27	0.20
ETRANZACT	2.35	2.61	-9.96%	2.35	2.61	-9.96%	2.61	2.35
NCR	2	2.43	-17.70%	2	4.50	-55.56%	4.50	2.00
CHAMS	0.21	0.26	-19.23%	0.21	0.33	-36.36%	0.46	0.20
TRIPPLEG	0.4	0.58	-31.03%	0.4	0.64	-37.50%	0.64	0.40
OMATEK	0.26	0.41	-36.59%	0.26	0.50	-48.00%	0.45	0.26
Banking								
FCMB	2.10	1.86	12.90%	2.10	1.85	13.51%	2.26	1.41
STANBIC	40.50	38.50	5.19%	40.50	41.00	-1.22%	42.50	23.50
JAIZBANK	0.62	0.53	16.98%	0.62	0.62	0.00%	0.82	0.39
GUARANTY	**29.00**	**27.00**	**7.41%**	**29.00**	**29.70**	**-2.36%**	**34.40**	**16.70**
UNITYBNK	0.57	0.54	5.56%	0.57	0.64	-10.94%	0.84	0.40
WEMABANK	0.55	0.56	-1.79%	0.55	0.74	-25.68%	0.80	0.44
FBNH	5.20	5.40	-3.70%	5.20	6.15	-15.45%	7.85	3.60
ZENITHBANK	**18.05**	**19.05**	**-5.25%**	**18.05**	**18.60**	**-2.96%**	**23.00**	**10.70**
STERLNBANK	1.28	1.40	-8.57%	1.28	1.99	-35.68%	2.23	0.99
FIDELITYBK	1.85	2.07	-10.63%	1.85	2.05	-9.76%	2.40	1.50
UBA	**6.25**	**7.15**	-12.59%	6.25	7.15	-12.59%	9.25	4.40
ACCESS	**6.70**	**9.00**	-25.56%	6.70	10.00	-33.00%	12.00	5.30
UBN	5.00	6.90	-27.54%	5.00	6.00	-16.67%	7.60	4.80
ETI	4.10	6.25	-34.40%	4.10	6.50	-36.92%	8.50	3.90

Listed Equities by Sector – Pre-Covid Prices Compared to Current Prices contd.

Company	02-Oct-20	26-Feb-20	Recovery from Covid-19 (%)	02-Oct-20	31-Dec-19	YTD Performance (%)	52 Wks High (₦)	52 Wks Low (₦)
Microfinance								
NPFMCRFBK	1.25	1.12	11.61%	1.25	1.15	8.70%	1.99	0.85
Mortgage Carrier								
OMOMORBNK	0.60	0.55	9.09%	0.60	0.55	9.09%	0.60	0.50
ABBEYBDS	1.05	1.05	0.00%	1.05	1.00	5.00%	1.05	1.00
INFINITY	1.36	1.39	-2.16%	1.36	1.39	-2.16%	-	-
ASOSAVINGS	0.50	0.50	0.00%	0.50	0.50	0.00%	-	-
RESORTSAL	0.20	0.20	0.00%	0.20	0.20	0.00%	-	-
UNHOMES	3.02	3.02	0.00%	3.02	3.02	0.00%	-	-
Conglomerate								
CHELLARAM	2.51	2.78	-9.71%	2.51	2.78	-9.71%	2.78	2.51
UACN	6.50	8.50	-23.53%	6.50	8.60	-24.42%	11.15	5.40
TRANSCORP	0.61	0.91	-32.97%	0.61	0.99	-38.38%	1.18	0.51
JOHNHOLT	0.56	0.56	0.00%	0.56	0.56	0.00%	0.56	0.51
SCOA	2.93	2.93	0.00%	2.93	2.93	0.00%	-	-
Construction/Real Estate								
UPDCREIT	3.80	3.15	20.63%	3.80	4.70	-19.15%	4.90	3.10
UAC-PROP	0.92	0.90	2.22%	0.92	1.00	-8.00%	1.13	0.74
ROADS	6.60	6.60	0.00%	6.60	6.60	0.00%	-	-
SFSREIT	69.30	69.30	0.00%	69.30	n/a	n/a	-	-
UHOMREIT	40.65	40.70	-0.12%	40.65	40.70	-0.12%	40.70	40.65
JBERGER	16.25	22.40	-27.46%	16.25	19.90	-18.34%	22.92	14.90
SMURFIT	0.20	0.29	-31.03%	0.20	0.29	-31.03%	-	-
ARBICO	1.03	3.16	-67.41%	1.03	3.51	-70.66%	4.32	1.03

Listed Equities by Sector – Pre-Covid Prices Compared to Current Prices contd.

Company	02-Oct-20	26-Feb-20	Recovery from Covid-19	02-Oct-20	31-Dec-19	YTD Performance	52 Wks High	52 Wks Low
Consumer Goods								
VITAFOAM	6.00	4.06	47.78%	6.00	4.40	36.36%	6.10	3.50
CHAMPION	0.89	0.81	9.88%	0.89	0.95	-6.32%	1.08	0.69
DANGSUGAR	12.90	12.10	6.61%	12.90	13.60	-5.15%	16.60	8.90
NB	49.00	46.00	6.52%	49.00	59.00	-16.95%	59.75	22.00
NESTLE	1175.00	1130.00	3.98%	1175.00	1469.90	-20.06%	1469.90	764.90
MCNICHOLS	0.47	0.46	2.17%	0.47	0.46	2.17%	0.50	0.42
NNFM	4.05	4.30	-5.81%	4.05	4.30	-5.81%	4.50	3.87
FLOURMILL	21.50	23.00	-6.52%	21.50	19.70	9.14%	24.00	14.00
UNILEVER	13.60	15.00	-9.33%	13.60	22.00	-38.18%	26.70	9.90
HONYFLOUR	0.93	1.05	-11.43%	0.93	0.99	-6.06%	1.18	0.79
NASCON	10.40	13.00	-20.00%	10.40	12.95	-19.69%	15.70	8.50
PZ	4.00	5.00	-20.00%	4.00	5.65	-29.20%	6.30	3.75
CADBURY	7.00	9.00	-22.22%	7.00	10.55	-33.65%	11.60	4.95
GUINNESS	14.00	25.20	-44.44%	14.00	30.05	-53.41%	35.60	13.00
INTBREW	3.90	7.05	-44.68%	3.90	9.50	-58.95%	11.35	2.70
GOLDBREW	0.81	0.81	0.00%	0.81	0.89	-8.99%	0.81	0.81
UNIONDICON	10.95	10.95	0.00%	10.95	12.15	-9.88%	10.95	10.95
DUNLOP	0.20	0.20	0.00%	0.20	0.20	0.00%	-	-
ENAMELWA	22.10	22.10	0.00%	22.10	22.10	0.00%	-	-
MULTITREX	0.36	0.36	0.00%	0.36	0.36	0.00%	-	-

Listed Equities by Sector – Pre-Covid Prices Compared to Current Prices contd.

Company	02-Oct-20	26-Feb-20	Recovery from Covid-19	02-Oct-20	31-Dec-19	YTD Performance	52 Wks High	52 Wks Low
Insurance								
LAWUNION	1.16	0.88	31.82%	1.16	0.50	132.00%	1.22	0.42
CHIPLC	0.37	0.29	27.59%	0.37	0.39	-5.13%	0.46	0.23
WAPIC	0.36	0.31	16.13%	0.36	0.34	5.88%	0.40	0.20
REGALINS	0.23	0.20	15.00%	0.23	0.20	15.00%	0.25	0.20
LASACO	0.28	0.25	12.00%	0.28	0.25	12.00%	0.34	0.20
PRESTIGE	0.60	0.55	9.09%	0.60	0.55	9.09%	0.71	0.39
CORNERST	0.60	0.56	7.14%	0.60	0.45	33.33%	0.71	0.26
MANSARD	1.90	1.80	5.56%	1.90	1.98	-4.04%	2.14	1.36
MBENEFIT	0.21	0.20	5.00%	0.21	0.20	5.00%	0.26	0.20
NEM	2.03	2.00	1.50%	2.03	2.42	-16.12%	2.42	1.44
AIICO	0.79	0.82	-3.66%	0.79	0.72	9.72%	1.02	0.53
LINKASSURE	0.38	0.41	-7.32%	0.38	0.53	-28.30%	0.50	0.30
AFRINSURE	0.20	0.20	0.00%	0.20	0.20	0.00%	0.20	0.20
GOLDINSURE	0.20	0.20	0.00%	0.20	0.20	0.00%	-	-
GUINEAINS	0.20	0.20	0.00%	0.20	0.20	0.00%	0.20	0.20
INTENEGINS	0.38	0.38	0.00%	0.38	0.38	0.00%	-	-
NIGERINS	0.20	0.20	0.00%	0.20	0.20	0.00%	0.22	0.20
SOVRENINS	0.20	0.20	0.00%	0.20	0.20	0.00%	0.22	0.20
STACO	0.48	0.48	0.00%	0.48	0.48	0.00%	-	-
STDINSURE	0.20	0.20	0.00%	0.20	0.20	0.00%	-	-
SUNUASSUR	0.20	0.20	0.00%	0.20	0.20	0.00%	0.22	0.20
UNIC	0.20	0.20	0.00%	0.20	0.20	0.00%	-	-
UNIVINSURE	0.20	0.20	0.00%	0.20	0.20	0.00%	0.20	0.20
VERITASKAP	0.20	0.20	0.00%	0.20	0.20	0.00%	0.20	0.20

Listed Equities by Sector – Pre-Covid Prices Compared to Current Prices contd.

Company	02-Oct-20	26-Feb-20	Recovery from Covid-19	02-Oct-20	31-Dec-19	YTD Performance	52 Wks High	52 Wks Low
Other Financial Institutions								
ROYALEX	0.27	0.23	17.39%	0.27	0.30	-10.00%	0.33	0.20
UCAP	3.33	3.27	1.83%	3.33	2.40	38.75%	3.80	1.90
NESF	552.20	552.20	0.00%	552.20	n/a	n/a	-	-
CUSTODIAN	5.20	5.45	-4.59%	5.20	6.00	-13.33%	6.30	4.55
AFRIPRUD	4.75	5.05	-5.94%	4.75	4.00	18.75%	5.50	3.15
DEAPCAP	0.30	0.36	-16.67%	0.30	0.40	-25.00%	0.40	0.30
Industrial Goods								
CUTIX	1.7	1.4	21.43%	1.7	1.33	27.82%	1.92	1.16
BUACEMENT	41.75	37.15	12.38%	41.75	n/a	n/a	44.00	27.65
MEYER	0.5	0.46	8.70%	0.5	0.54	-7.41%	0.54	0.46
NOTORE	62.5	62.5	0.00%	62.5	62.50	0.00%	-	-
PORTPAINT	2.23	2.23	0.00%	2.23	2.23	0.00%	2.23	2.23
PREMPAINTS	9.4	9.4	0.00%	9.4	9.40	0.00%	-	-
VANLEER	9.1	9.1	0.00%	9.1	9.10	0.00%	-	-
AUSTINLAZ	2.03	2.03	0.00%	2.03	2.09	-2.87%	2.10	2.03
WAPCO	15.15	15.5	-2.26%	15.15	15.30	-0.98%	17.60	8.95
BERGER	6.5	6.75	-3.70%	6.5	6.75	-3.70%	22.92	14.90
DANGCEM	144	170	-15.29%	144	142.00	1.41%	180.40	116.00
BETAGLAS	55.4	70	-20.86%	55.4	53.80	2.97%	70.00	53.80
CAP	17.1	24.6	-30.49%	17.1	24.00	-28.75%	27.50	15.25

Listed Equities by Sector – Pre-Covid Prices Compared to Current Prices contd.

Company	02-Oct-20	26-Feb-20	Recovery from Covid-19	02-Oct-20	31-Dec-19	YTD Performance	52 Wks High	52 Wks Low
Natural Resources								
BOCGAS	4.25	4.05	4.94%	4.25	5.50	-22.73%	5.50	3.65
ALEX	8.1	8.1	0.00%	8.1	8.10	0.00%	-	-
MULTIVERSE	0.2	0.2	0.00%	0.2	0.20	0.00%	0.20	0.20
THOMASWY	0.35	0.35	0.00%	0.35	0.38	-7.89%	0.38	0.35
Oil and Gas								
MOBIL	186.9	133.2	40.32%	186.9	147.90	26.37%	213.90	126.00
ETERNA	2.74	2.2	24.55%	2.74	3.60	-23.89%	3.60	1.80
TOTAL	96.8	107	-9.53%	96.8	110.90	-12.71%	123.20	79.10
MRS	12.45	13.8	-9.78%	12.45	15.30	-18.63%	16.95	12.45
CONOIL	15.25	18	-15.28%	15.25	18.50	-17.57%	21.00	13.15
OANDO	2.29	3.18	-27.99%	2.29	3.99	-42.61%	4.00	1.89
SEPLAT	400	605	-33.88%	400	657.80	-39.19%	657.80	282.00
ARDOVA	11	16.7	-34.13%	11	n/a	n/a	20.60	9.40
ANINO	0.25	0.25	0.00%	0.25	n/a	n/a	-	-
CAPOIL	0.2	0.2	0.00%	0.2	0.20	0.00%	0.20	0.20
JAPAULOIL	0.2	0.2	0.00%	0.2	0.20	0.00%	0.33	0.20
RAKUNITY	0.3	0.3	0.00%	0.3	0.30	0.00%	-	-

Listed Equities by Sector – Pre-Covid Prices Compared to Current Prices contd.

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Company	02-Oct-20	26-Feb-20	Recovery from Covid-19	02-Oct-20	31-Dec-19	YTD Performance	52 Wks High	52 Wks Low
Services								
SKYAVN	2.93	2.13	37.56%	2.93	4.19	-30.07%	4.15	1.42
UPL	1.24	1.13	9.73%	1.24	1.28	-3.13%	1.79	0.90
RTBRISCOE	0.2	0.2	0.00%	0.2	0.21	-4.76%	0.23	0.20
INTERLINK	2.91	2.91	0.00%	2.91	3.20	-9.06%	2.91	2.91
TOURIST	3.15	3.15	0.00%	3.15	3.50	-10.00%	3.15	3.15
TRANSCOHOT	4	4.05	-1.23%	4	4.90	-18.37%	4.90	4.00
ABCTRANS	0.3	0.32	-6.25%	0.3	0.45	-33.33%	0.56	0.27
DAARCOMM	0.3	0.33	-9.09%	0.3	0.36	-16.67%	0.36	0.30
STUDPRESS	1.79	1.99	-10.05%	1.79	1.99	-10.05%	1.98	1.79
CAPHOTEL	2.42	2.75	-12.00%	2.42	2.75	-12.00%	2.75	2.42
LEARNAFRCA	1.07	1.24	-13.71%	1.07	1.13	-5.31%	1.35	0.90
TRANSEXPR	0.77	0.9	-14.44%	0.77	0.92	-16.30%	1.00	0.68
IKEJAHOTEL	1.01	1.21	-16.53%	1.01	1.12	-9.82%	1.26	0.84
REDSTAREX	3	3.61	-16.90%	3	4.45	-32.58%	4.45	2.70
INITSPLC	0.57	0.7	-18.57%	0.57	0.70	-18.57%	0.70	0.57
ACADEMY	0.29	0.37	-21.62%	0.29	0.37	-21.62%	0.37	0.27
NAHCO	2.05	2.7	-24.07%	2.05	2.40	-14.58%	3.01	1.90
CAVERTON	1.8	2.7	-33.33%	1.8	2.67	-32.58%	2.99	1.66
CILEASING	4.2	6.85	-38.69%	4.2	5.90	-28.81%	7.35	3.55
AFROMEDIA	0.2	0.34	-41.18%	0.2	0.34	-41.18%	0.37	0.20
GSPECPLC	4.65	4.65	0.00%	4.65	4.65	0.00%	4.70	4.65
JULI	1.51	1.51	0.00%	1.51	1.51	0.00%	-	-
MEDVIEWAIR	1.62	1.62	0.00%	1.62	1.62	0.00%	1.62	1.62
NSLTECH	0.2	0.2	0.00%	0.2	0.20	0.00%	0.20	0.20
TANTALIZER	0.2	0.2	0.00%	0.2	0.20	0.00%	0.20	0.20

Stock Recommendation

- We remain bullish on the shares of Zenith and GT Bank. We believe the structure, adequate capital and liquidity buffers of these two Banks provides them with enough resilience to weather the storm.
- The shares of Access, UBA and FBNH also provide near-term speculative opportunities considering their low valuations.
- Away from the Banks, we like the shares of Presco and WAPCO. Generally, we advise you to stay with dividend-paying stocks with strong fundamentals and management.
- Generally, we see 'legroom' in stocks that are yet to recover their pre-coronavirus prices.
    - **MPR Effect:** In addition to the fundamentals of the recommended stocks, we are optimistic that the market will remain bullish in the coming weeks as investors troop to the equities market in search of high yields in the face of expanding negative real returns in the fixed income market.
    - Also, **Fitch Ratings** revised Nigeria's Long-Term Foreign-Currency Issuer Default Rating (IDR) to Stable, from Negative, and affirmed it at 'B'. The revision was based on the stability in oil prices ($40 - $45/barrel), easing of lockdown and support from multilateral agencies.
- **Risks:** The recent spike in coronavirus infections may stall recovery in the Eurozone and United States, already, some parts of Europe have been locked down partially. Another round of subdued economic activities in these economies will depress oil prices. This will further compound Nigeria's weak macroeconomic environment. Also, FX demand backlog and persistence in external vulnerability.
- As recommended above, invest in undervalued dividend-paying stocks with strong fundamentals and management.
- Have a great week in the capital market.

Last Week…

Introduction

- At its 22nd September 2020 MPC meeting, the Central Bank of Nigeria's Monetary Policy Committee (MPC) cut the monetary policy rate (MPR) by 100 bps from 12.5% to 11.5%.

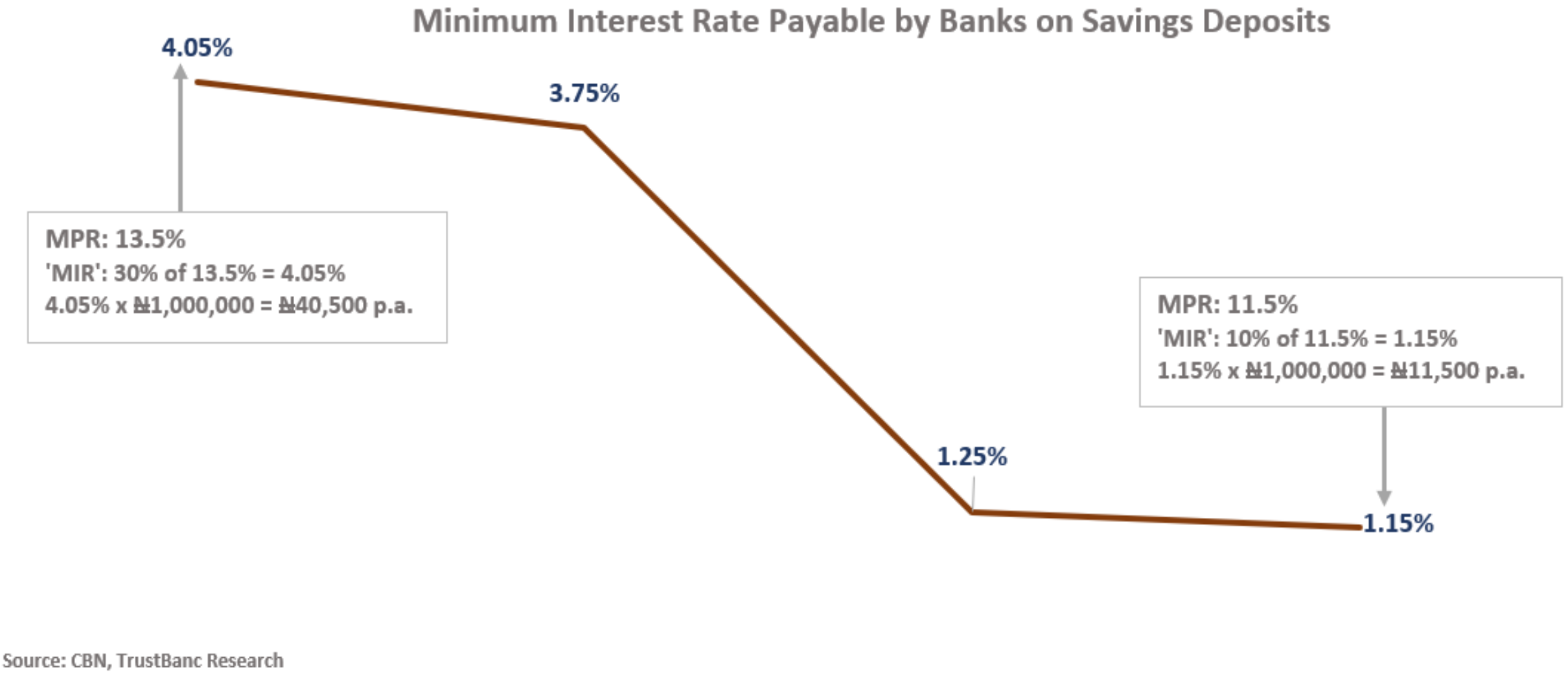
- This is the second cut since lockdown was eased on 4th May 2020. At its 28th May 2020 meeting, MPC reduced MPR by same 100 bps from 13.5% to 12.5%.

- **How does a cut in MPR affect you?** We will answer this question by looking at the impact on savings account holders, Banks and Investors in the stock market.

- Let's attempt what MPR is before we delve into its impact. MPR is an interest rate at which CBN lends to commercial banks and other clients. Why should you be concerned?

- MPR goes beyond just lending rate between CBN and Banks. It is the **benchmark rate for tracking the movement of other market rates of interest** and maintaining economic stability.

Impact on Savings: negative real interest rate widens



Source: CBN, TrustBanc Research

Impact on Savings: negative real interest rate widens

As mentioned above, MPR as a benchmark rate tracks other interest rates. E.g, It is used as a benchmark to track minimum interest rate ("MIR") on savings accounts, it is used to benchmark what you will earn on your savings deposits with Banks.

- Effective 1st September 2020, you would recall that CBN reduced minimum interest rate payable by banks on savings accounts from 30% of MPR to 10% of MPR. Please see the illustration on the graph in the previous slide for a clearer understanding.

- Earlier in the year, when MPR was 13.5%, you could earn as high as 4.05% minimum interest on your savings deposits compared to the current 1.15%.

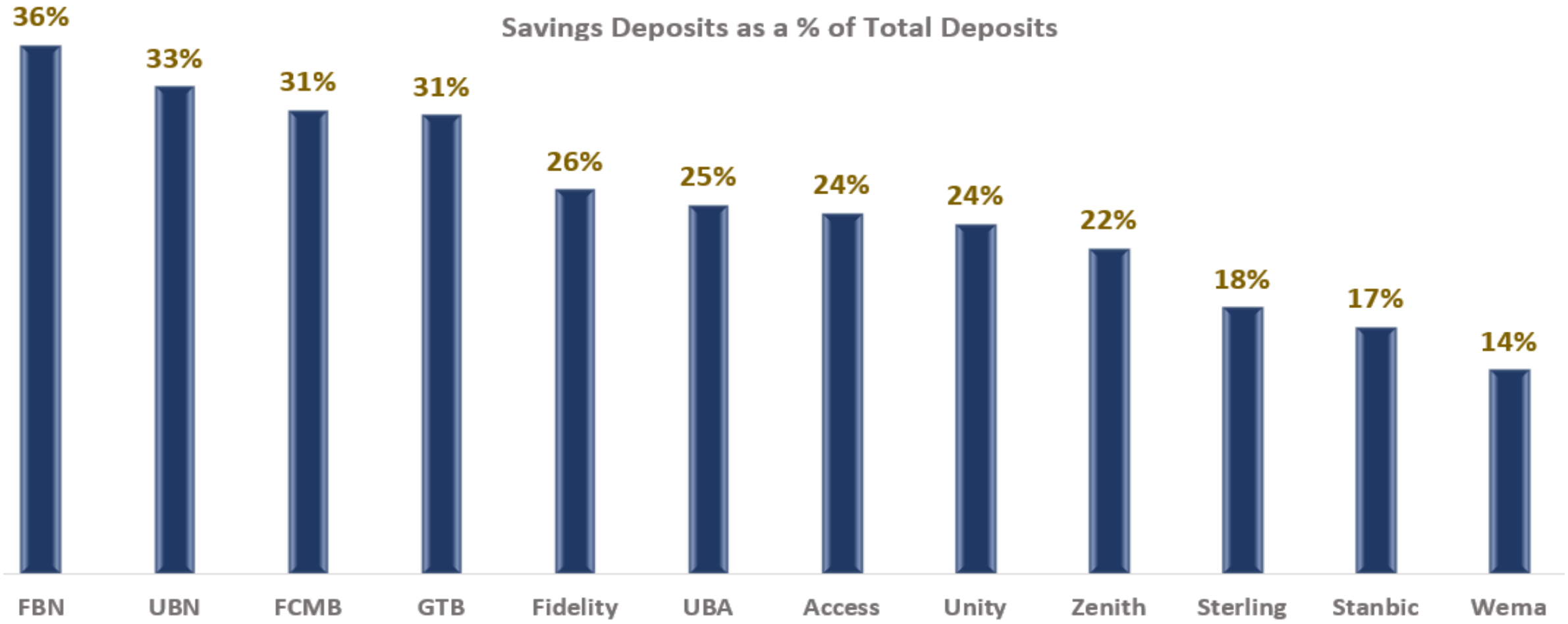
- From the graph, a N1,000,000 savings deposit would earn a minimum interest of N40,500 per annum before the first MPR cut. That minimum interest has now reduced by over 71% to N11,500 per annum on the same amount, a N29,000 loss. That's the impact of reduction of MPR!

- More painfully, if you consider inflation at 13.22%, your real return on saving with a bank will come in negative at -10.66%.

- In this environment of subdued interest rates and rising inflation, there is almost no incentive for saving with a bank.

Impact on Banks: cut in MPR translates to lower funding costs, higher profits

- The ₦29,000 loss by our savings account holder above is a gain to the Banks. Lower interest rate means lower interest expense and higher profits for the banks.
- The main source of funds for commercial banks is customer deposits - savings deposits, current account deposits, fixed and term deposits. Banks typically have strategies to target more savings deposits, because it's cheaper compared to other forms of deposits.



Source: Company Financials (June'20), TrustBanc Research

Impact on Banks: cut in MPR translates to lower funding costs, higher profits

- The cheaper a Bank's savings deposit, the lower its interest expense/funding cost. Also, the higher a Bank's savings deposits as a percentage of total customer deposits, the more it will benefit from a lower interest rate regime.

- Following the reduction of MPR from 13.5% to 12.5% and now 11.5%, the minimum interest payable by banks decreased from 4.05% to 1.25% and now 1.15%. Like we noticed in the half-year financials of some banks, we expect interest expense to reduce further across the Banking sector in the coming quarters.

- From the graph, the biggest winners are First Bank, Union Bank, FCMB and GTB, our estimates were based on the 2020 half-year financials of our coverage banks.

- We anticipate a drop in funding costs of over ₦7 billion based on the latest cut in MPR alone. Our estimates based on the MPR cut in May was over ₦17 billion interest expense savings.

- While interest income could also decline due to downward review of rates for loans linked to the MPR, we expect the impact to be insignificant given that not many loans have rates tied to MPR.

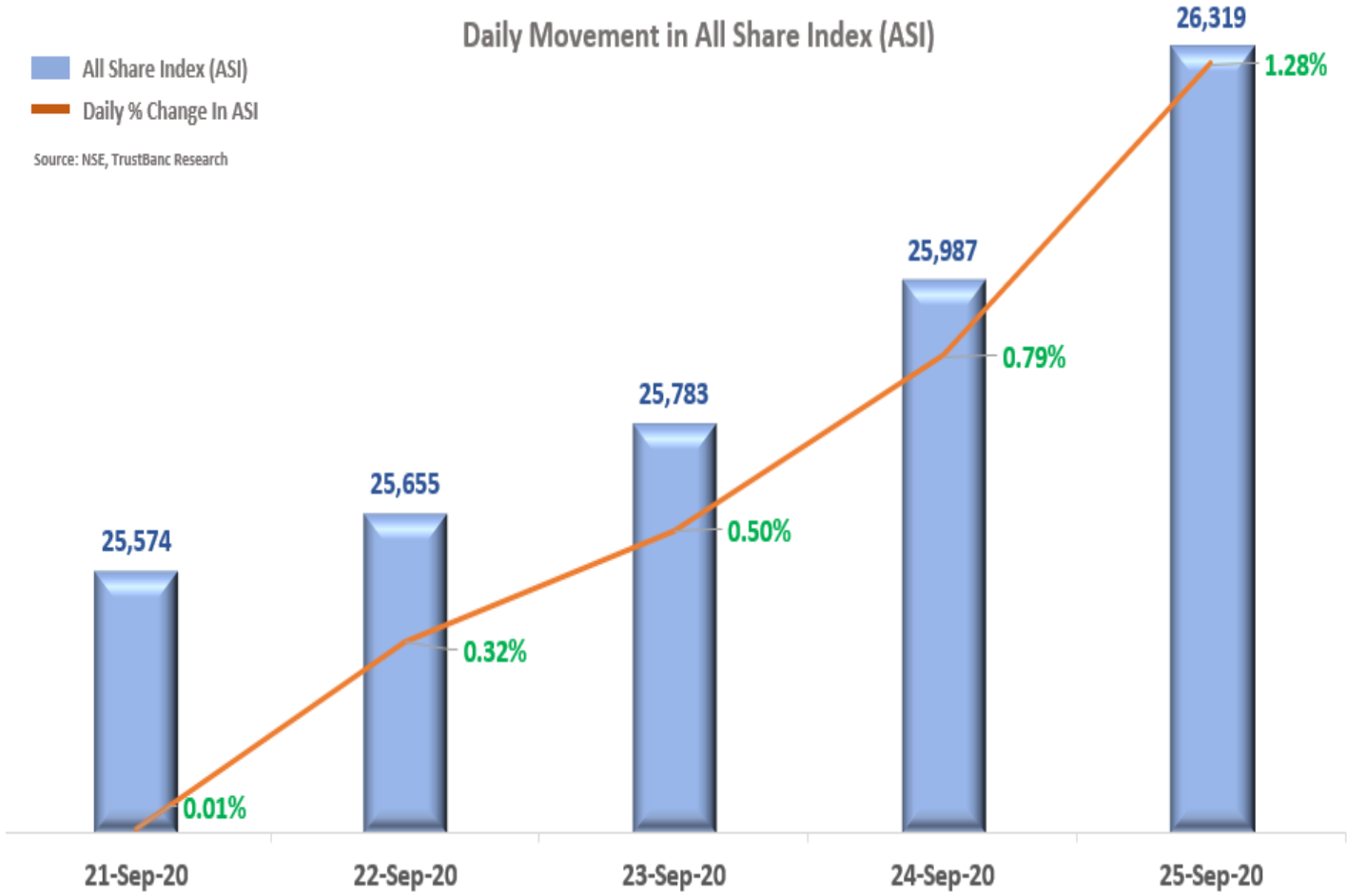
- **In view of the above, we expect sustained upticks in the shares of banks.**

Impact on Investors: cut in MPR acts as steroids for a sustained bullish stock market performance

- Monetary Policy Rate is an economic indicator closely monitored by the entire trading world including investors in the Nigerian stock market. A change in MPR has a big impact on the stock market with very varied effects.

- While it usually takes at least 12 months for a change in the interest rate to have a widespread economic impact, the stock market's response to a change is often more immediate.

- Faced with declining savings interest rate, lower yields on fixed income securities and expanding negative real return, we expect Investors to find their way to the equities market in search of positive real returns.



- Last week, the performance of the market was flat at .01% on the first day of trade. The market jumped to 0.32% on the day the new MPR regime was announced. Since then, performance almost doubled on a daily basis to close the week with a gain of 1.28%.

- Week on week, the equity market gained over 2.90% to record its best weekly performance in four months. Except for a few profit taking here and there to close the books for the month, we expect the market to continue its current bullish run.

About Us

We started as a stockbroking firm in 2013, expanding to become an integrated financial services group with solutions covering wealth management, ethical and conventional investments management, securities trading, savings, lending and forex.

As a Group, we seek to leverage the diversity of our various business portfolio to develop an integrated digital financial services group, providing innovative products and services in conventional and ethical finance, to our customers as well as sustainable value to our stakeholders.

The Group's strategic goal is to create a digital platform that will enable our customers to Bank (deposits and payments systems capacity), Trade (fixed income, equity, and currency trading capacity), Borrow (lending capacity), and Invest (mutual funds and other collective schemes management capacity) seamlessly on a single digital platform.

The Group is controlled by TrustBanc Holdings Limited - a non-operating financial holding company incorporated in 2018 to synergise the operations of the Group.

TrustBanc Financial Group consists of: Asset Management, Capital Management, Microfinance and Bureau De Change.

TrustBanc Micro Finance Bank

- Deposits
- Payments
- Loans

TrustBanc Asset Management

- Portfolio Management
- Wealth Management
- Alternative Investments

TrustBanc Capital Management

- Securities Trading
- Investment Advisory
- Financial Advisory

Our Operating Culture

The culture that runs through TrustBanc Group is that of doing things with EASE:

Expertise;

Attentiveness;

Service Orientation;

Empathy.

We stand for E.A.S.E

E — Our focus is not only to deliver on our promises but to surpass your expectations, thus we deploy every of our resource to ensure this, in a proactive manner.

A — We make deliberate efforts to satisfy our stakeholders while maintaining balance across the board.

S — The brand 'TrustBanc' is our heritage and finesse is at the center of all we do. We do not just want to earn your trust, we want to keep it forever!

E — We do not offer a one-size fits all to our customers, we try to wear their shoes and feel the pinch. Our solutions are tailor-made because we understand your needs.

TrustBanc Financial Group – Subsidiaries and Services

TrustBanc Holdings Limited

TrustBanc MFB Limited

- Deposits
- Payments
- Loans

TrustBanc Asset Mgt. Limited

- Wealth Management
- Portfolio Management
- Alternative Investments

ASSET MANAGEMENT

TrustBanc Capital Mgt. Limited

- Securities Trading
- Investment Advisory
- Financial Advisory

Prime Links BDC Limited

- Bureau De Change
- Fx Brokerage

TrustBanc Arthur Limited
(Joint Venture)

- Shariah-compliant portfolios
- Ethical Investments
- Impact Financing