



**THE Nigerian  
STOCK EXCHANGE**

## Smart Investing Workshop

Investing in the capital market: A focus on indices & ETFs

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*Secondary Markets*



- 1 • An Overview of NSE's Global outlook
- 2 • Fundamentals of Investment Management
- 3 • Indices
- 4 • Leveraging NSE index suites
- 5 • Indexing and its benefits
- 6 • NSE Banking index
- 7 • Uses of Indices
- 8 • Features of ETFs
- 9 • About ETFs
- 10 • Accessing indices via ETFs
- 11 • What to Expect from the NSE



## Wealth Management Cycle

EARLY YEARS



LATER YEARS

**Accumulation & Growth**

- Asset Allocation
- College Planning
- Retirement Planning



**Protection & Preservation**

- Tax Mitigation
- Risk Management
- Insurance Strategies
- Business Planning



**Utilization & Distribution**

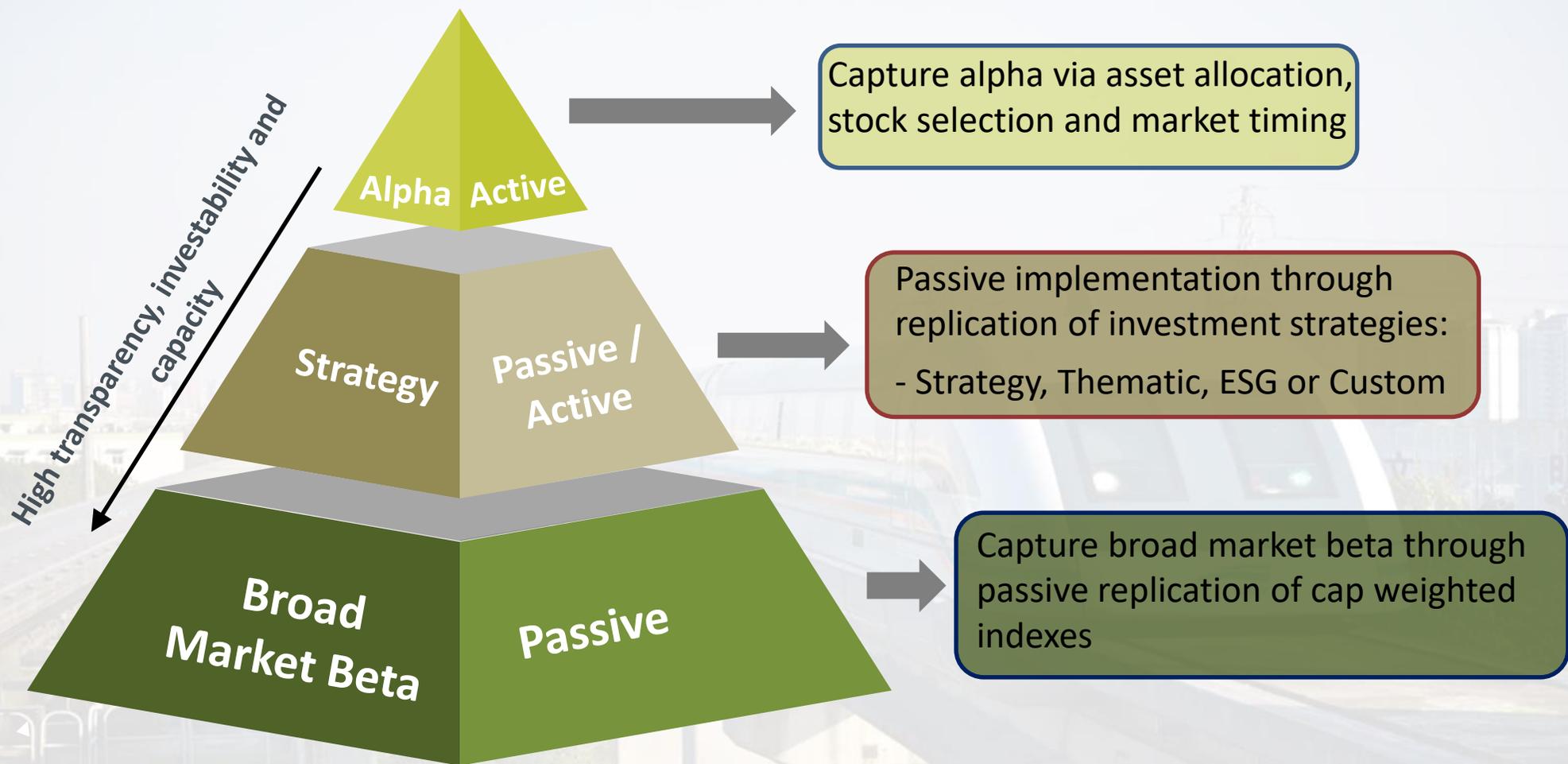
- Retirement Income Planning
- Inflation Protection
- Long Term Care Planning



**Transfer**

- Estate Planning
- Charitable Giving
- Legacy Consideration
- Wealth Stewardship

# Investing Approach



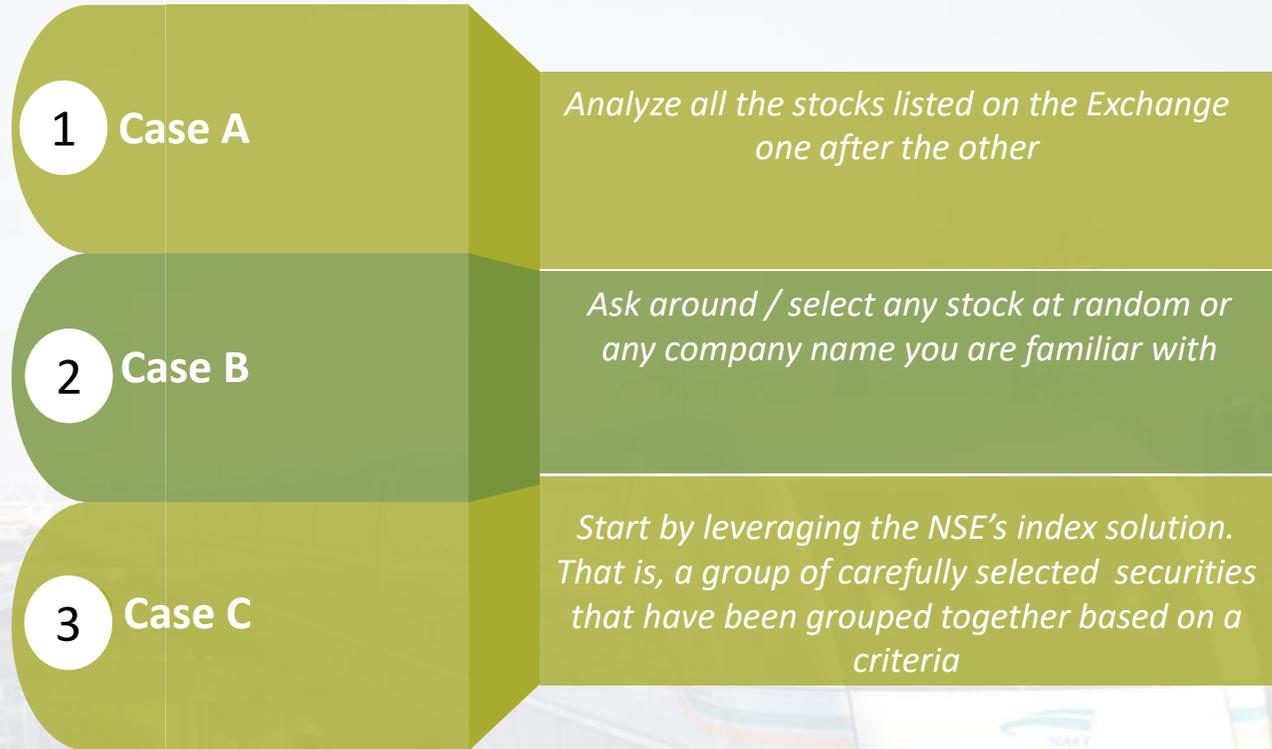
# Leveraging the NSE Index Suites



**158** Stocks listed on the Exchange.

**17** Indices

**10** ETFs



- To effectively leverage the NSE's Index solution, do follow the steps identified below;



# Leveraging Indices



An index is a hypothetical portfolio of investment holdings which represents a segment of the market.



Investors follow different market indexes to gauge market movements.



Market indices measure the value of a portfolio of holdings with specific market characteristics.

## Uses

Performance  
Measurement

Investment  
Proxy e.g. ETFs

Streamline  
opportunity

Trading

# Smart subsets curated for investors.

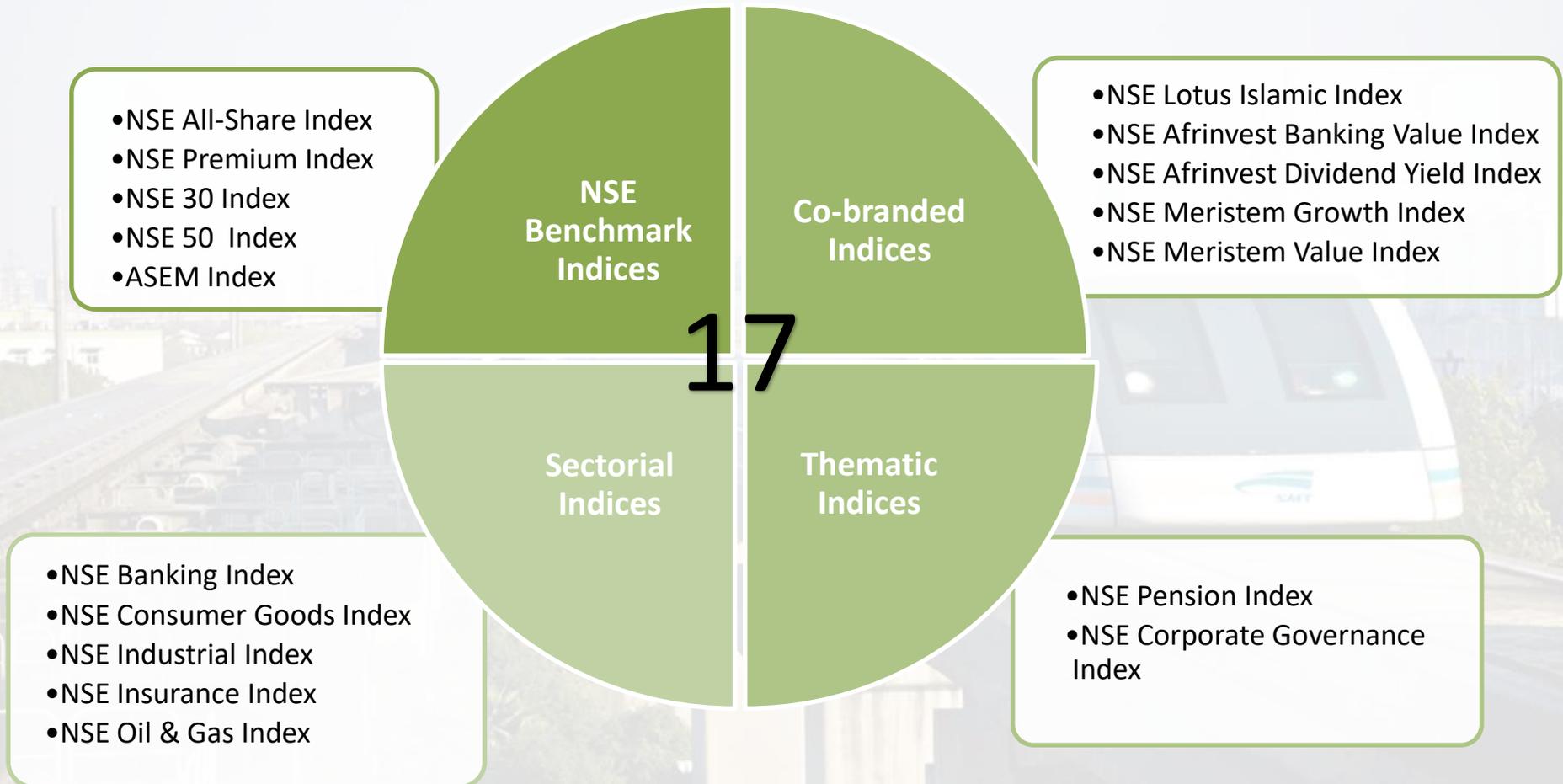


- ❑ The total listed equity securities represents the available opportunity set.
- ❑ The available equity opportunity set requires some analysis to achieve the right subset that meets your objectives.
- ❑ To reflect these different objectives and investor needs, the NSE has employed a range of methods to create indices for investors to leverage.





The Exchange currently has a suite of indices which it will continue to expand to cater for market performance evaluation as well as support product development efforts for the benefit of issuers.



# NSE Banking Index



Stocks	Price
ACCESS	9.75
ETI	7.40
FIDELITYBK	2.17
GUARANTY	30.00
JAIZBANK	0.69
STERLNBANK	1.69
UBA	7.75
UBN	7.20
WEMABANK	0.71
ZENITHBANK	20.00

**BANKING  
INDEX**

**29x**

Performance – YTD 1.08%; MTD 1.08%, WTD - 3.50%

more  
expensive

The cost of buying 1 unit each of all the stocks is N87.36

## BENEFITS

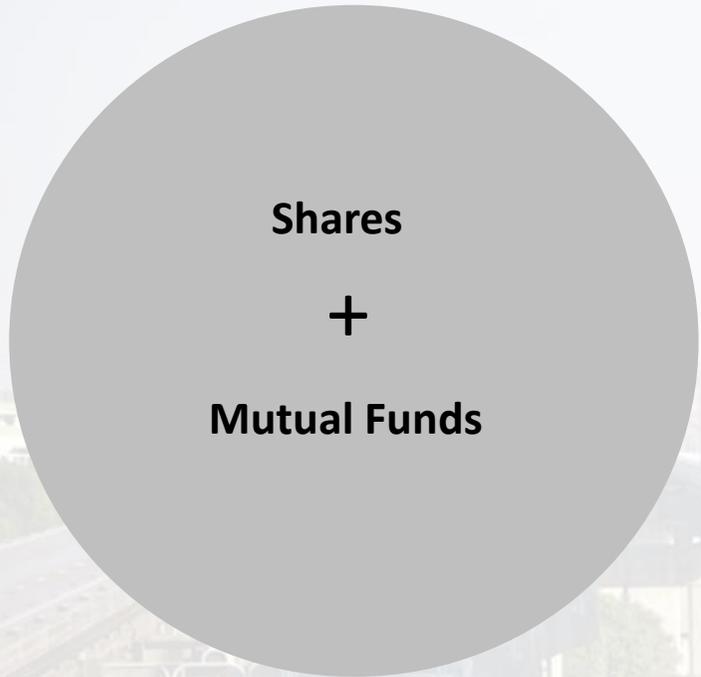
- Diversification
- Cost-Effective
- Convenience



Unit Price  
Banking ETF  
= 3.72

*The NSE Banking Index is a collection of ten (10) banking stocks listed on the Nigerian Stock Exchange. It is designed to give investors exposure to top 10 Banking stocks. A typical CIS is an Exchange Traded Fund which affords investors the opportunity to invest in various securities via a single fund. A banking ETF will allow investors access to a basket of banking stocks in a convenient and risk mitigating fashion.*

# Introducing ETFs



=



← Listed on a stock exchange and traded like single shares

← Your money is pooled by a Fund Manager (like a unit trust)

← Enable investors to gain broad exposure to: stock markets, sectors, asset classes, investment themes

← Usually offered at lower costs than traditionally managed investment funds

# Features of ETFs



ETFs continue to attract a large pool of investors (retail and institutional) because of their:



## Cost Effective

Low costs for broad exposure



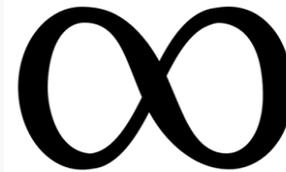
## Transparent

Real time pricing



## Portfolio Diversification Tools

Baskets of Securities wrapped into one product



## Open-Ended

ETFs, unlike mutual funds, are open-ended



## Flexible Trading

Real time trading



## Expert Portfolio Management

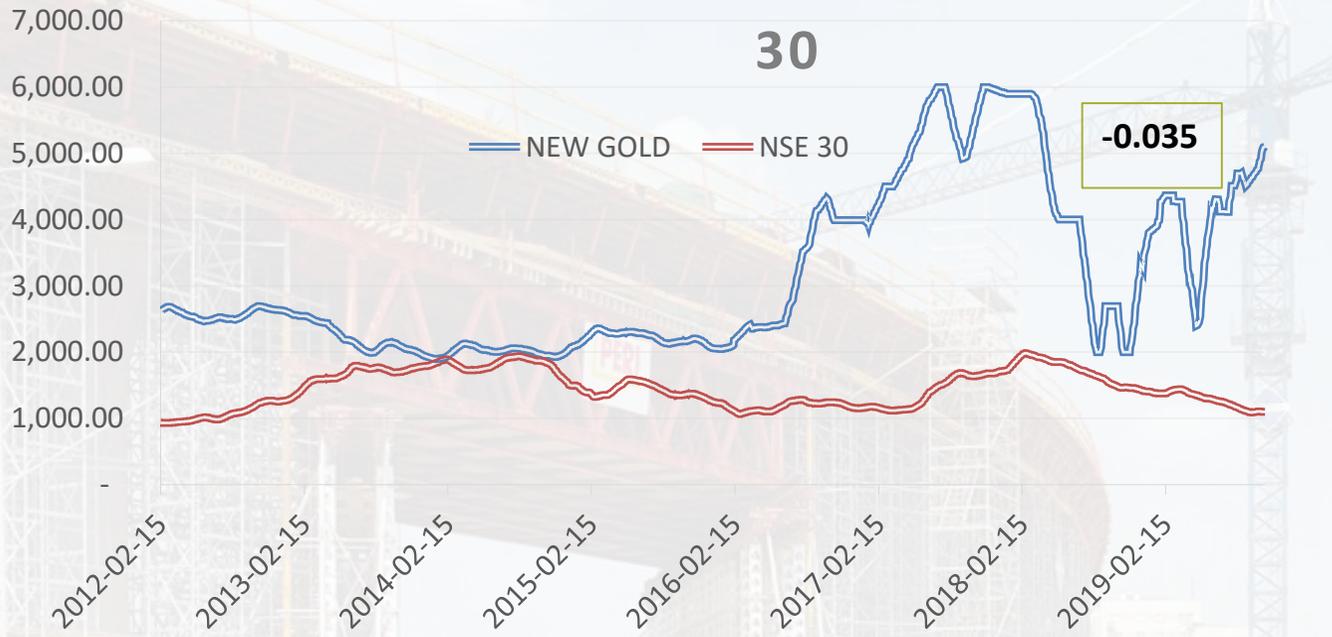
Access to Asset Management expertise

# Diversifying with Commodities – Newgold ETF



## PERFORMANCE OF NEWGOLD VS NSE

30



YTD Return – 156%

1. Alternative Access.
2. Currency Hedge

Gold is low to negatively correlated to traditional equities and fixed income securities which can be efficiently access through ETFs.

# Accessing Indices via ETFs



There are several opportunities available for investors on the NSE platform

## Indices

- ❖ NSE 30 Index.
- ❖ NSE Lotus Islamic Index.
- ❖ NSE Banking.
- ❖ NSE Industrial index
- ❖ The Sovereign Bond Index.
- ❖ The Sovereign Bond Index.
- ❖ NSE Consumer goods index.

Indices are tracked by ETFs

## ETFs

- Vetiva Griffin 30 ETF
- New Gold ETF
- Stanbic Ibtc ETF 30
- Lotus Halal
- Vetiva Banking ETF
- Vetiva Consumer goods ETF
- Vetiva Industrial Goods ETF
- Vetiva S&P Nigeria Sovereign Bond ETF
- The SIAML Pension ETF 40
- Greenwich Alpha ETF



## Regulatory Oversight

ETFs are regulated by the Securities & Exchange Commission and the Nigerian Stock Exchange.



## Trust Structure

Trustees are appointed to ensure adherence to the Trust Deed and the underlying assets will be held in a Trust Account.



## Custodianship

The underlying assets are held in a custody account. The Register of unit holders are independently kept by the Registrar/Transfer Agent.

# You can have it all...



## Active approach

- Seeks to outperform
- Higher cost
- Requires expertise
- Shorter term focus
- May be outsourced

## Core-Satellite approach

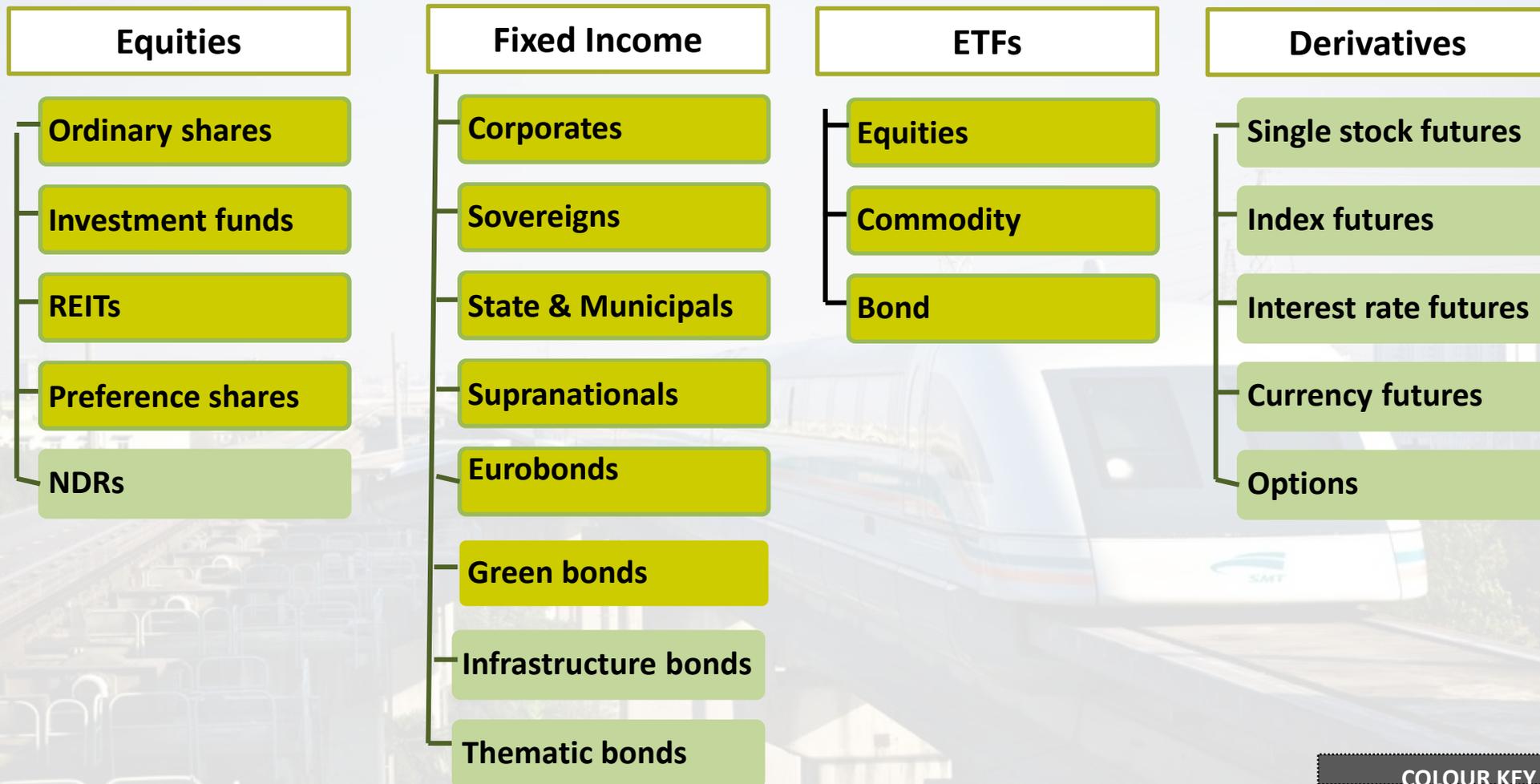
Active satellites

Index core

## Index approach

- Seeks market returns
- Lower cost
- Low manager risk
- Long-term focus

# Our Product Offerings



**COLOUR KEY**

- Listed Product(s)
- In Progress

NDRs – Nigerian Depository Receipts; REITs – Real Estate Investment Trusts; ETFs- Exchange Traded Funds;

# NSE is a Globally Recognized Exchange



## The NSE's national impact and global reach

### Globally competitive exchange



### Partner with leading global associations

that promote best practices and financial system stability

### Mobilize savings for investment



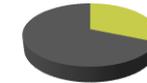
**13.2**  
**Million**  
investor  
accounts



**₦3.53**  
**Trillion**  
value traded  
YTD



**₦329.69**  
**Billion**  
in retail trades  
YTD



**₦472.7**  
**Billion**  
in Foreign Portfolio  
Investor trades YTD

# THANK YOU

## *Questions & Answers*

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