Positioning for Nigeria's Next Investment Cycle

Anchoria's View On Nigeria's Emerging Investment Cycle
Following **The Quorum – Anchoria Investor Forum 2026**

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Executive Summary

Nigeria is approaching a critical economic inflection point. Following major reforms including exchange rate liberalization, fuel subsidy removal, tighter monetary policy, and fiscal adjustments, the economy is showing early signs of stabilization. Inflation is moderating, foreign exchange liquidity has improved, investor confidence is gradually returning, and financial markets have strengthened. While these reforms have created a stronger foundation, they have not yet translated into broad-based prosperity.

Anchoria believes Nigeria is entering the early stage of a new investment cycle and transitioning from macroeconomic adjustment to a more selective, fundamentals-driven growth phase. Future investment returns will increasingly depend on disciplined capital allocation, strong corporate fundamentals, and effective execution rather than macroeconomic repricing alone.

While reforms have improved macroeconomic stability and investor confidence, significant challenges remain, including weak household purchasing power, elevated interest rates, fiscal pressures, infrastructure deficits, and low industrial productivity.

We believe private capital will be central to Nigeria’s next growth phase. With limited government fiscal capacity, long-term investment in infrastructure, manufacturing, healthcare, agriculture, technology, and housing will increasingly depend on private investors and deeper capital markets.

The central conclusion from The Quorum is clear: government alone cannot finance Nigeria's development ambitions. The country's next growth phase will increasingly depend on private capital, deeper capital markets, stronger institutions and policy consistency. For investors, a balanced portfolio approach remains appropriate, combining attractive fixed income opportunities with selective exposure to quality equities.

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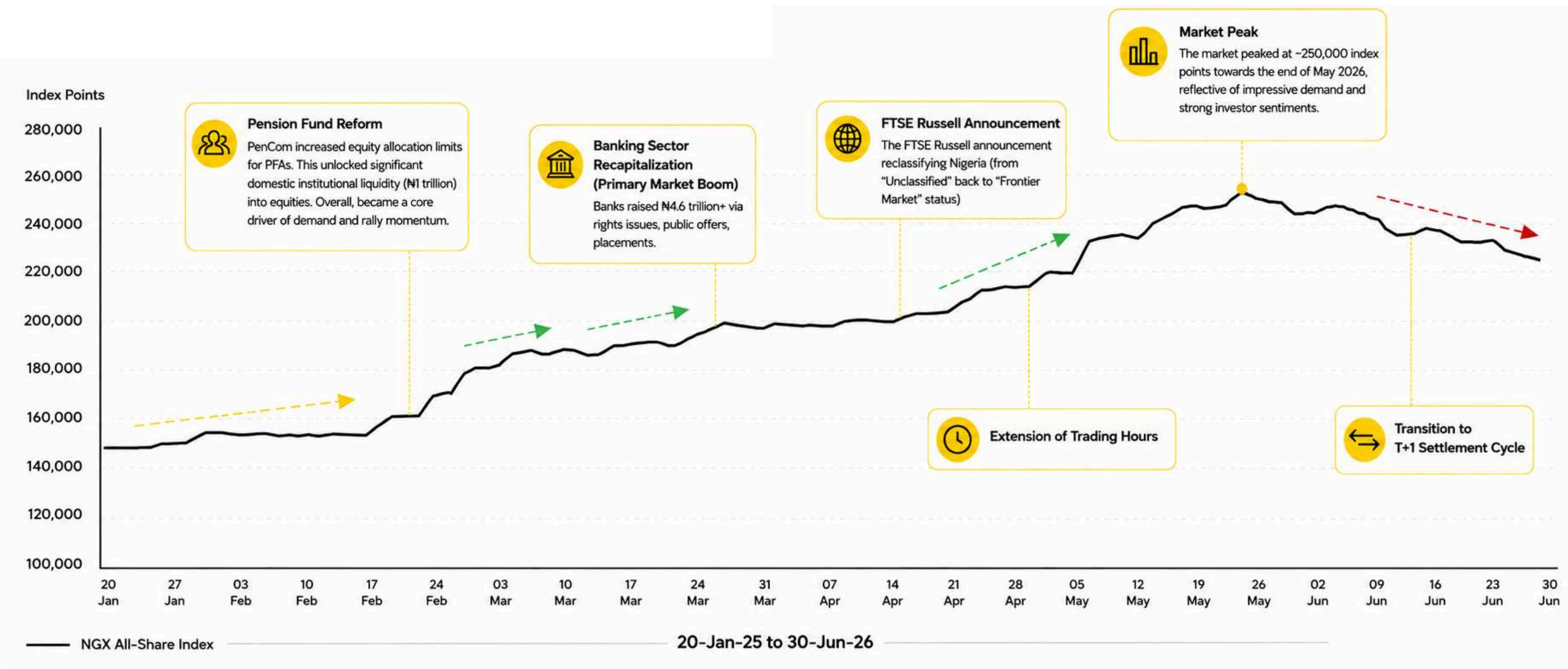
Where the Market Stands

After nearly two years of macroeconomic adjustment, the economy is showing early signs of stability. Inflation has moderated from its peak, foreign exchange liquidity has improved, the Naira has become relatively more stable, and investor confidence has gradually returned.

The equity market has been one of the clearest beneficiaries of this shift. The Nigerian Exchange (NGX) All-Share Index gained 47.43% in the first half of 2026, placing it among the strongest-performing frontier markets during the period. The rally was driven primarily by strong corporate earnings, robust domestic liquidity, improving macroeconomic conditions, and sustained participation from institutional investors. Banking, Industrial Goods, and Oil & Gas stocks led the gains, while earnings improved across other sectors and market participation broadened.

NGX All-Share Index: Key Market Developments



Beyond market performance, several policy reforms have strengthened the investment environment. Exchange rate liberalization has improved foreign exchange price discovery, tighter monetary policy has restored confidence in macroeconomic management, and ongoing capital market reforms including the transition to T+1 settlement and higher pension fund equity limits have improved market efficiency and deepened domestic liquidity. Although foreign investor participation remains below historical levels, confidence has improved alongside greater exchange rate stability and expectations of a possible FTSE Russell Frontier Market reclassification.

These developments indicate that macroeconomic stabilization is improving. However, stabilization alone does not guarantee broad-based economic growth.

The Quorum's Central Argument

The discussions at The Quorum converged on a central conclusion: this new investment cycle will be fundamentally different from previous periods of expansion. Rather than being driven by broad market optimism or government spending, future growth will depend on private capital, efficient capital allocation, stronger institutions, and disciplined execution.
While each speaker approached the discussion from a different perspective — macroeconomics, infrastructure finance, capital markets, pension management, and venture capital — a consistent narrative emerged. Four themes stood out as defining the next phase of Nigeria's investment landscape.

Theme One

Nigeria's Next Growth Phase Will Be Driven by Private Capital

The strongest message from the Quorum was that Nigeria's development model is changing. For decades, government spending played a central role in financing economic activity, infrastructure, and development initiatives. Today, declining fiscal capacity means the government can no longer serve as the primary engine of economic growth.

Our keynote speaker, Dr. Doyin Salami emphasized that Nigeria's fiscal reality has fundamentally changed. When viewed in real terms and adjusted for exchange rate movements, government revenues have declined significantly over the past decade, reducing the state's ability to finance the country's growing development needs. This changing fiscal position means that future growth cannot depend solely on public expenditure. Instead, government must increasingly focus on creating an environment that encourages investment while allowing private capital to finance productive sectors of the economy.

This shift has important implications for investors. Private capital is no longer simply a complement to government spending; it is becoming the principal driver of long-term economic expansion. Capital will increasingly be required to finance infrastructure, housing, manufacturing, healthcare, technology, logistics, and industrial development.

The panel reinforced this argument from multiple perspectives. Infrastructure specialists noted that Nigeria's infrastructure financing gap cannot be addressed through commercial bank lending alone. Long-term projects require patient capital, predictable funding, and financing structures that match the life cycle of infrastructure assets. Capital markets therefore become increasingly important as the primary source of long-term financing for national development.

The discussion also extended beyond infrastructure. Dr. Ola Brown, the venture capital professional, highlighted that sustainable economic growth depends on the availability of capital throughout the business lifecycle, from early-stage funding and private equity through to eventual public listing. Successful economies create investment ecosystems where businesses can continuously access capital as they mature. Without this pipeline, innovation slows, entrepreneurship weakens, and long-term economic transformation becomes more difficult.

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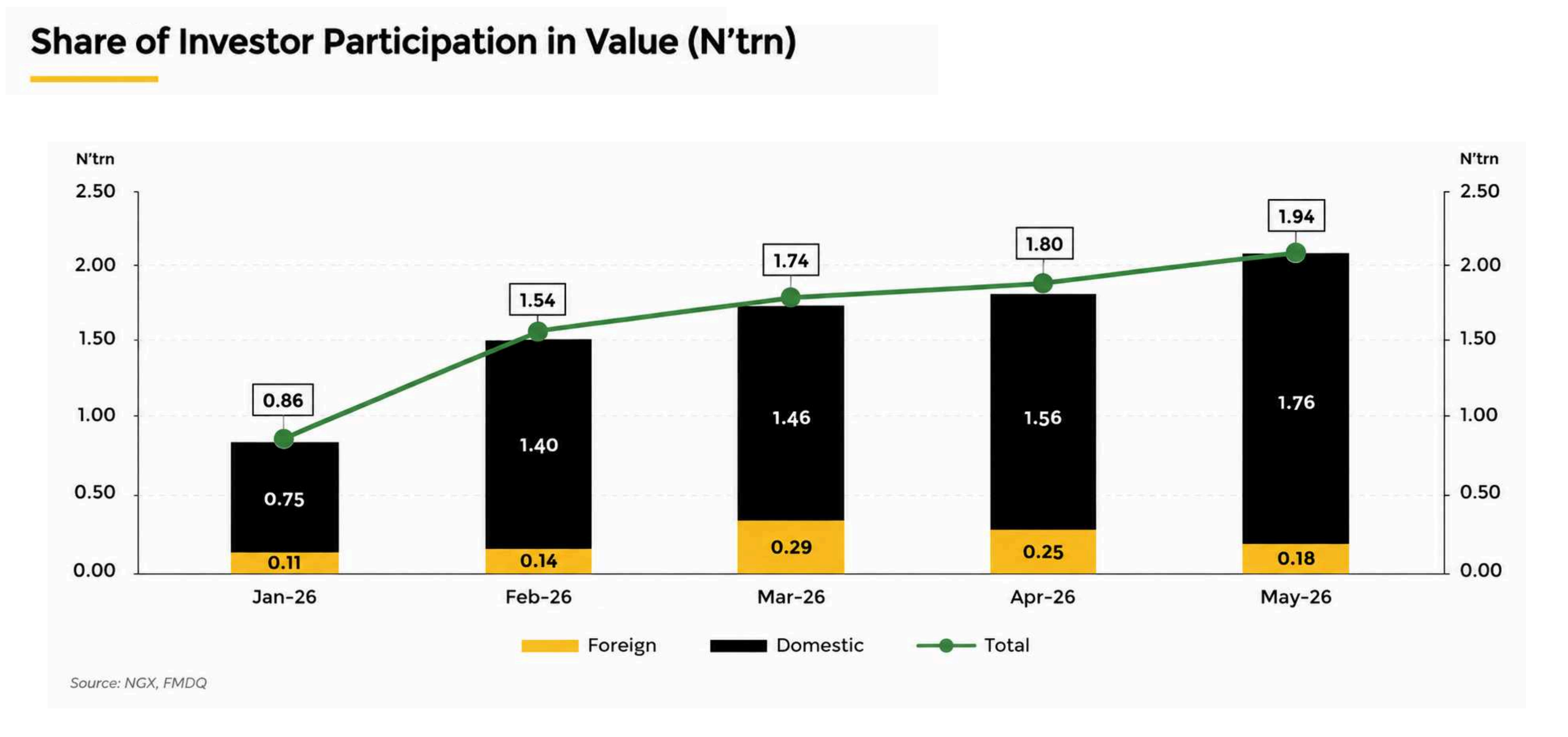
The Quorum's Central Argument



Collectively, these perspectives point to a structural transition: government's role is increasingly to establish credible policies, strengthen institutions, and maintain macroeconomic stability, while private investors mobilize the capital needed to finance productive investment.

Theme Two

Capital Will Flow to Quality, Not Just Opportunity

While the Quorum acknowledged that Nigeria's macroeconomic outlook has improved, speakers consistently emphasized that improving conditions alone will not guarantee attractive investment returns. The next phase of the market is expected to reward businesses with strong fundamentals rather than those benefiting simply from improving sentiment.

Nigeria's equity market has delivered exceptional returns over the past two years, supported by stronger corporate earnings, domestic liquidity, and improving investor confidence. However, participants cautioned that investors should not expect future performance to mirror the broad-based rally experienced during the early stages of macroeconomic adjustment. As markets mature, performance is likely to become increasingly differentiated across sectors and individual companies.

This principle was reinforced by Arinze Ononwu, the Executive Director at Fidelity Pension Managers, who challenged the common perception that institutional investors are inherently conservative. Rather than avoiding risk altogether, pension funds allocate capital where governance standards are strong, financial performance is sustainable, and long-term growth prospects are credible. As regulatory frameworks evolve, many pension funds have gradually increased their exposure to equities and other growth assets, reflecting greater confidence in businesses that demonstrate resilience and sound management.

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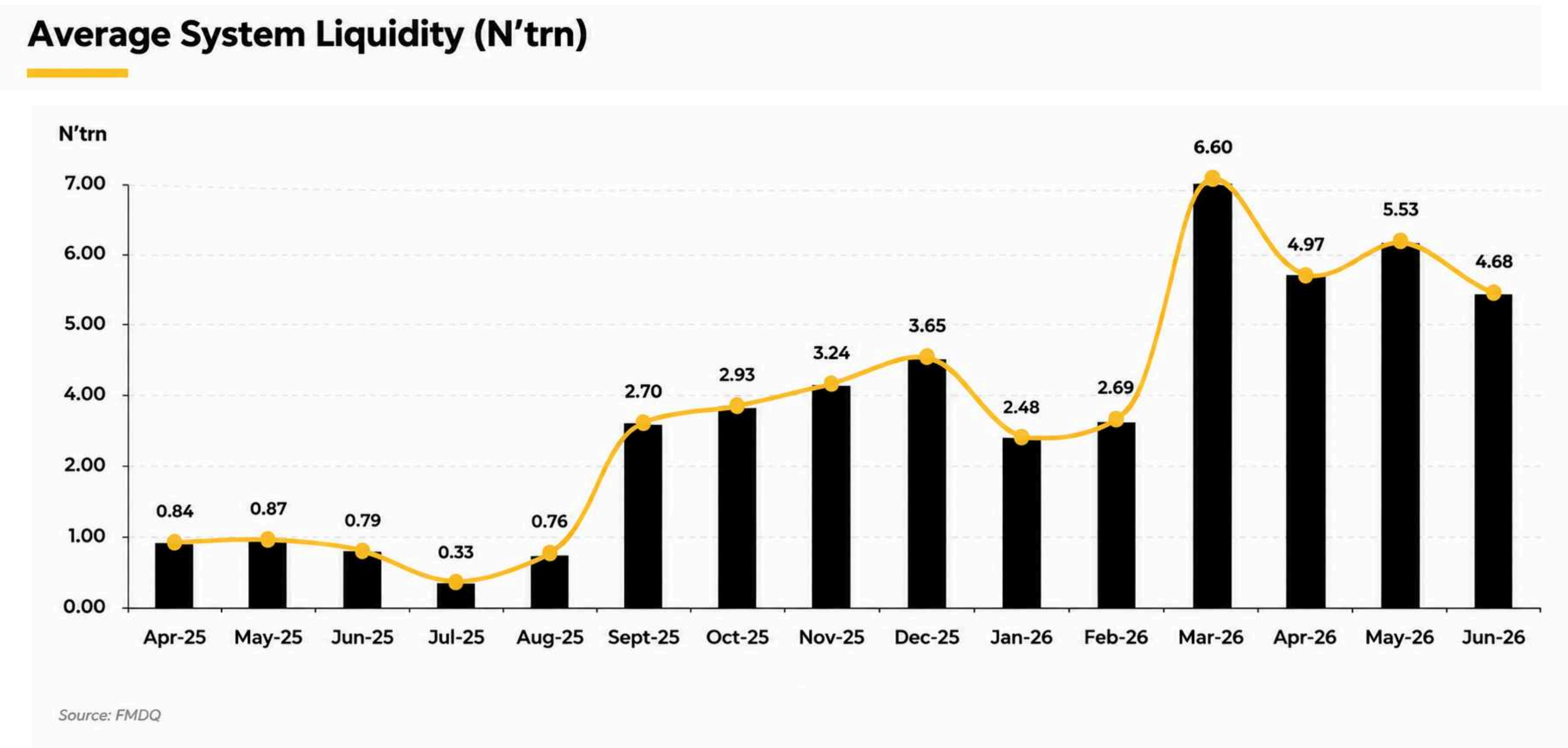
The Quorum's Central Argument

Chido Onyilimba, Head of Origination and Structuring at InfraCredit, expressed a similar view. High interest rates and elevated financing costs make capital more selective. Businesses that rely on excessive leverage or weak financial structures may struggle to attract funding, while companies capable of generating consistent cash flows, maintaining pricing power, and demonstrating disciplined capital allocation are likely to remain attractive despite tighter financial conditions.



The discussion therefore suggests that Nigeria is entering a more accountable investment environment. Future returns will depend less on broad market appreciation and increasingly on the ability to identify businesses capable of sustaining earnings growth despite ongoing macroeconomic challenges.

Theme Three

Structural Growth Opportunities Will Be Concentrated in Productive Sectors

Opportunities are expected to emerge in sectors supported by long-term structural demand and aligned with the country's development priorities.

Participants consistently pointed to infrastructure as one of the most significant opportunities. Nigeria's infrastructure deficit remains substantial, particularly in transportation, power, housing, and logistics. Closing these gaps will require significant private investment supported by long-term financing solutions and deeper domestic capital markets.

The Quorum's Central Argument

The discussion also highlighted Nigeria's natural gas resources as an underutilized competitive advantage capable of supporting industrialization, power generation, and manufacturing expansion if appropriately financed and developed.

Healthcare emerged as another sector with significant long-term potential. Rising healthcare expenditure, increasing demand for quality medical services, and the expected expansion of health insurance create opportunities for well-managed healthcare providers. However, speakers emphasized that attracting investment into the sector requires more than rising demand. Sustainable business models, strong operational management, and effective governance will be equally important in attracting long-term capital.

Technology, venture-backed businesses, and entrepreneurship were similarly identified as critical drivers of future growth. Speakers argued that successful economies develop vibrant private capital ecosystems capable of supporting businesses from formation through expansion and eventual listing. Encouraging greater investment in innovation and entrepreneurship will therefore be essential to creating new industries, improving productivity, and expanding employment opportunities.

Collectively, these discussions suggest that the strongest investment opportunities are likely to emerge where structural demand intersects with disciplined execution, sound governance, and access to long-term capital.

Theme Four

Institutions and Execution Will Determine Whether Reforms Deliver Sustainable Growth

Perhaps the most important insight from The Quorum was that reforms alone are insufficient to deliver lasting economic transformation. Although participants broadly agreed that recent macroeconomic reforms have improved investor confidence and strengthened the foundations of the economy, they also emphasized that stabilization should not be mistaken for sustainable growth. The long-term success of these reforms will depend on the quality of institutions responsible for implementing them.

Dr. Salami repeatedly returned to this theme, arguing that Nigeria's greatest constraints are increasingly institutional rather than purely economic. Weak implementation capacity, incomplete social infrastructure, unreliable data systems, and inconsistent policy execution continue to limit the extent to which reforms translate into tangible improvements in living standards. Using the example of post-subsidy cash transfers, he illustrated how well-intentioned policies struggle to achieve their objectives without credible national databases and effective public institutions.

He further noted that growth has become concentrated in capital-intensive sectors such as telecommunications and financial services, which generate wealth but create relatively fewer jobs. For economic reforms to deliver more inclusive outcomes, greater attention must be given to local economic development, value addition, industrial expansion, and strengthening local government institutions capable of implementing development initiatives closer to communities.

The Quorum concluded that Nigeria has established a stronger foundation for long-term growth than it had several years ago. However, realizing that potential will require continued policy consistency, deeper capital markets, stronger institutions, and sustained private-sector participation. The next investment cycle will therefore be defined not simply by reform, but by the country's ability to convert reform into productive economic outcomes.

Anchoria's View

Anchoria believes Nigeria has entered a new investment cycle, but this cycle will be materially different from those of the past. The broad market rally experienced during the adjustment period is unlikely to persist indefinitely. Future returns will increasingly depend on identifying businesses capable of converting structural reforms into sustainable earnings growth.

We expect attractive opportunities across infrastructure, financial services, healthcare, manufacturing, technology and housing where structural demand aligns with improving investment conditions. Fixed income also remains attractive in the current high-yield environment and should continue to play an important role within diversified portfolios.

Our constructive outlook is contingent upon continued policy consistency, moderating inflation, relative exchange-rate stability and stronger corporate earnings. A reversal in reforms, weakening institutional credibility or renewed macroeconomic instability would materially weaken this investment thesis.

> *Equities have continued to generate significant returns, demonstrating the importance of maintaining exposure to growth assets. However, investment decisions should be based on portfolio objectives, risk tolerance, and long-term value creation rather than short-term returns.*
>
> **Folagbade Adeyemi – MD Anchoria Securities Limited**

Conclusion

Nigeria is transitioning from macroeconomic adjustment to a more selective phase of economic expansion. The opportunity is no longer simply to invest in Nigeria, it is to identify the businesses, sectors and projects capable of transforming reform into sustainable value creation. Anchoria therefore believes that patient capital, disciplined security selection and a long-term investment horizon will define successful investing over the coming cycle.

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