



# Understanding the Fundamentals of Investing in the Nigerian Debt Capital Markets

Investment Options in the  
Nigerian Debt Capital Market (DCM)

January 27, 2022

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# Debt Capital Market

Awareness of fixed income (Debt) securities is growing among investors (both institutional & retail).



- Retail investors are looking beyond traditional equity to other asset classes that are **SAFE & SECURE**, and in search of **HIGHER YIELDS**.
- Retail investors are attracted to the certainty of fixed income instruments and their steady income streams (coupon payments).
- **CONVENIENCE**...retail investors want an easy-to-use investment platform for execution & with a good experience.

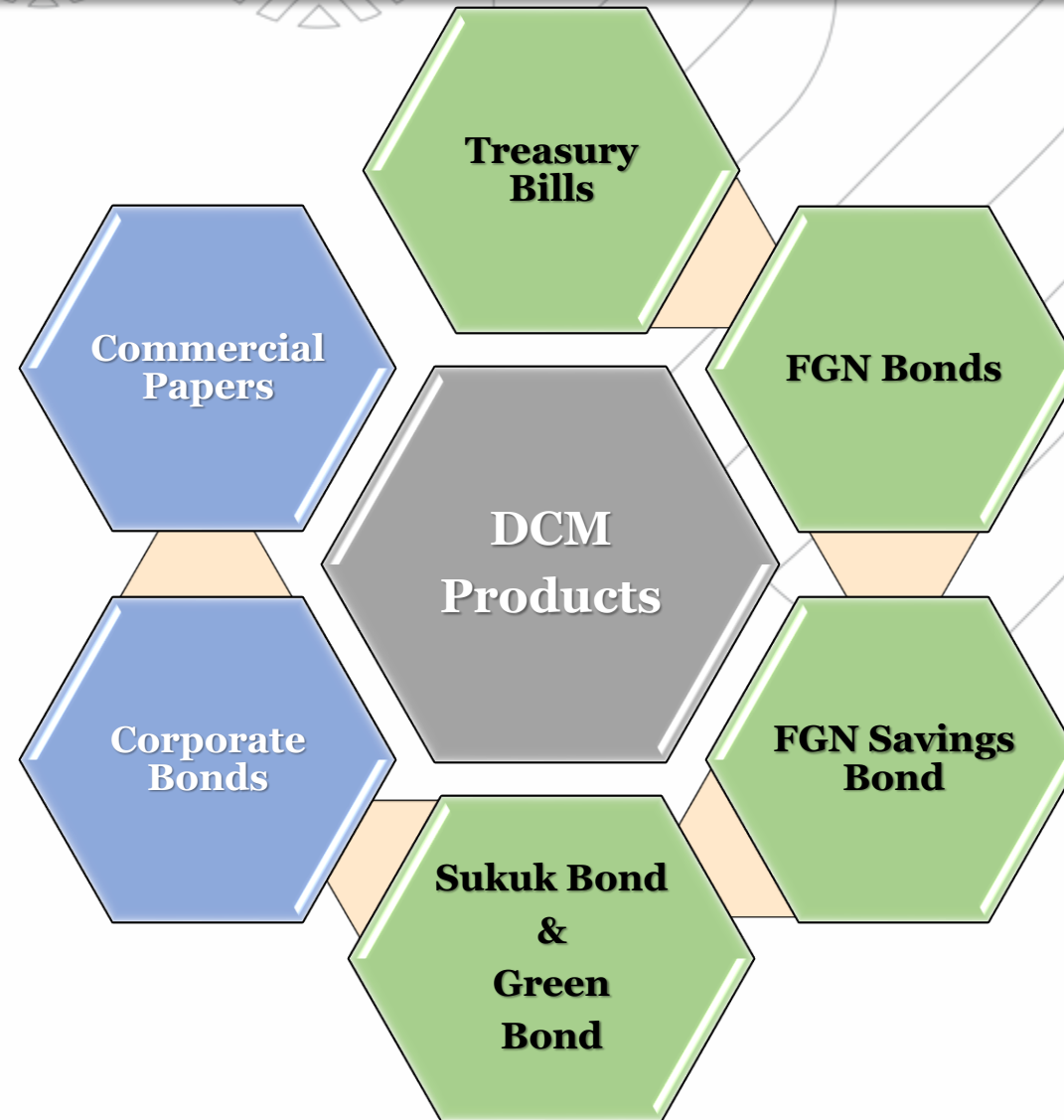
# Nigerian DCM: Investment Options & Products:

**Compound interest is an investor's best friend and compared building wealth through interest to rolling a snowball down a hill. Start early!**

**Warren Buffet**



Where to  
invest ?





# Government Debt Securities: Treasury Bills & Bonds



**The Definitive Guide To**  
**Debt Capital Markets**

*Investing is the best way to grow your money, and most types of investments are accessible to virtually anyone regardless of age, income or career. Such factors will, however, influence which investments are best for you at this moment...*

## Treasury Bills

- ✓ Short term, zero-coupon government securities, that mature in one year or less. 91, 182 & 364 days tenors for primary issues.
- ✓ No interest prior to maturity; instead, NTBs are sold at a discount to the par value & redeemed at par by the CBN at maturity.
- ✓ Discount Income on T-bills are tax-exempt. Return on securities is the discount on face value

## Bonds

- ✓ Issuers are typically governments and corporations.
- ✓ Government bonds are typically the safest bonds.
- ✓ Long-term investments (1- 30 years)
- ✓ Bonds pay a periodic interest called a coupon and the face value at maturity
- ✓ FG bonds are tax-exempt.

# Government Debt Securities: Sukuk & Green Bonds



Issue Amount (₦'bn)	100.00
Tenor (Years)	7
Issue Date	Sep. 26, 2017
Maturity Date	Sep. 26, 2024
Rental Rate (%)	16.47

Issue Amount (₦'bn)	15.00
Tenor (Years)	5
Issue Date	Mar. 18, 2019
Maturity Date	Mar. 18, 2024
Coupon (%)	15.5



## Sukuk Bond

- ✓ An investment certificate that represents the ownership interest of the holder in an asset or pool of assets
- ✓ The certificate entitles the holder to receive rental income from the use of the assets
- ✓ FG Sukuk is a secure investment backed by the full faith and credit of the FGN.
- ✓ Classified as liquid Asset by the CBN

## Green Bond

- ✓ Capital raised specifically for environmentally beneficial projects i.e. climate friendly projects
- ✓ FGN issued N10.69bn green bond 2017
- ✓ Access Bank's: First corporate bond issuance in 2018 by FMDQ

*Investing is the best way to grow your money, and most types of investments are accessible to virtually anyone regardless of age, income or career. Such factors will, however, influence which investments are best for you at this moment...*



# Corporate Bonds & Commercial Papers

## Corporate Bonds

- Issued by a firm and sold to investors to enable the Company raise capital.
- The backing for the bond is generally the ability of the company to repay, which depends on its prospects for future revenues and profitability. In some cases, the company's physical assets could be used as collateral.
- Riskier than FGN bonds, with higher interest rates

Issuer	Description	Issuance Type	Amount (₦'bn)	Status
Dufil Prima Foods PLC	₦40.00bn Bond Issuance Programme	Programme ▼	40.00	Listed
FCMB Financing SPV PLC	₦100.00bn Debt Issuance Programme	Programme ▼	100.00	Listed
Transcorp Hotels PLC	₦30.00bn Medium Term Bond Programme	Programme ▼	30.00	Listed
Stanbic IBTC Bank PLC	₦150.00bn Structured Note Programme	Programme ▼	150.00	Listed
Nigeria Mortgage Refinance Company PLC	₦440.00bn Medium-Term Note Programme	Programme ▼	440.00	Listed



<https://www.fmdqgroup.com>

## Commercial Papers

- A form of short-term debt instrument issued by a corporation.
- Maximum tenor of 270 days
- Commercial papers are usually issued at a discount from face value and reflects prevailing interest rates.
- Riskier than Treasury Bills, with higher interest rates

Issuer	Issue Amount (₦'bn)	Series	Issue Date	Tenor	Discount Rate	Maturity Date	Status	Issuer Rating (s)
Coleman Technical Industries Limited	3.80	2	13-Jul-21	269	14.00	08-Apr-22	Live	Bbb-/Agusto & Co
Coronation Merchant Bank Limited	23.71	20	02-Aug-21	270	12.30	29-Apr-22	Live	A+/Agusto & Co; A-/GCR
	1.29	19	02-Aug-21	179	11.25	28-Jan-22	Live	
	11.36	18	19-May-21	268	11.00	11-Feb-22	Live	



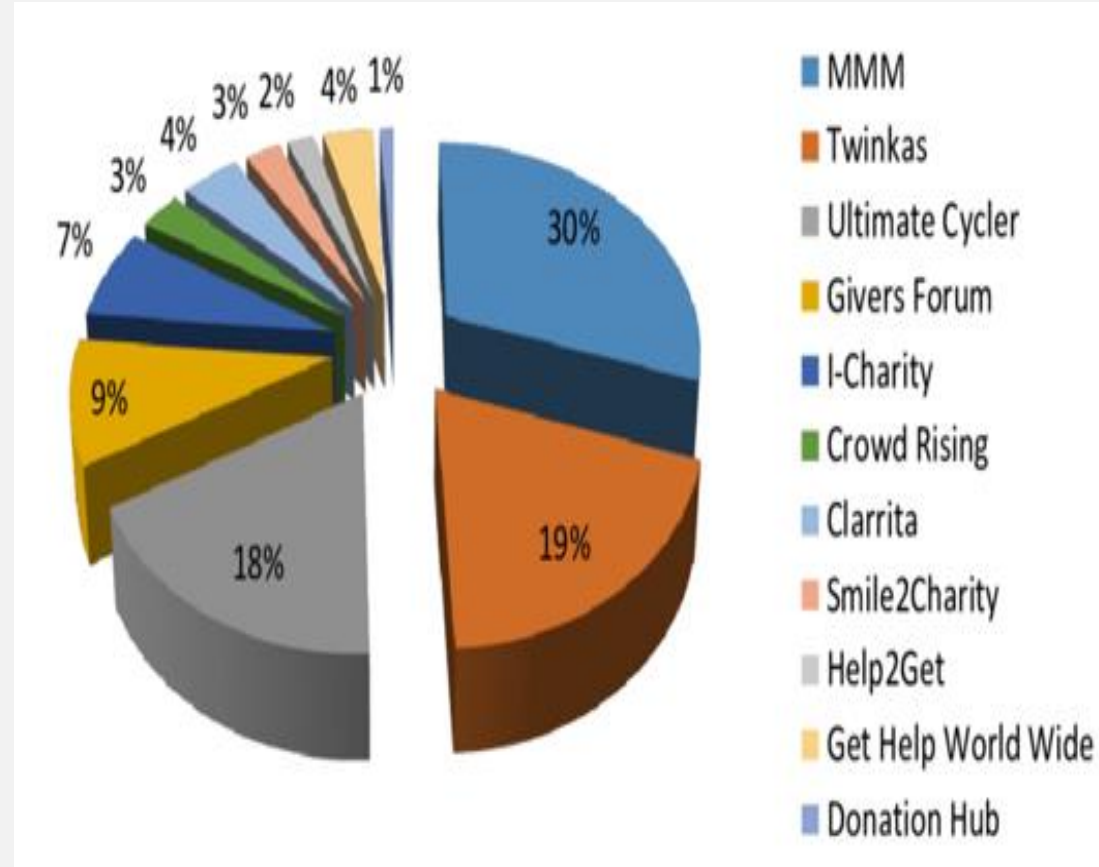
## Other Investment Options:



# Buyers Beware: Threats to Investment in DCM Products

Over 3M+  
Nigerians lost  
₦18bn to Ponzi  
schemes

Despite increasing  
awareness &  
tightening regulations,  
investors still fall for  
schemes promising  
eyepopping returns?



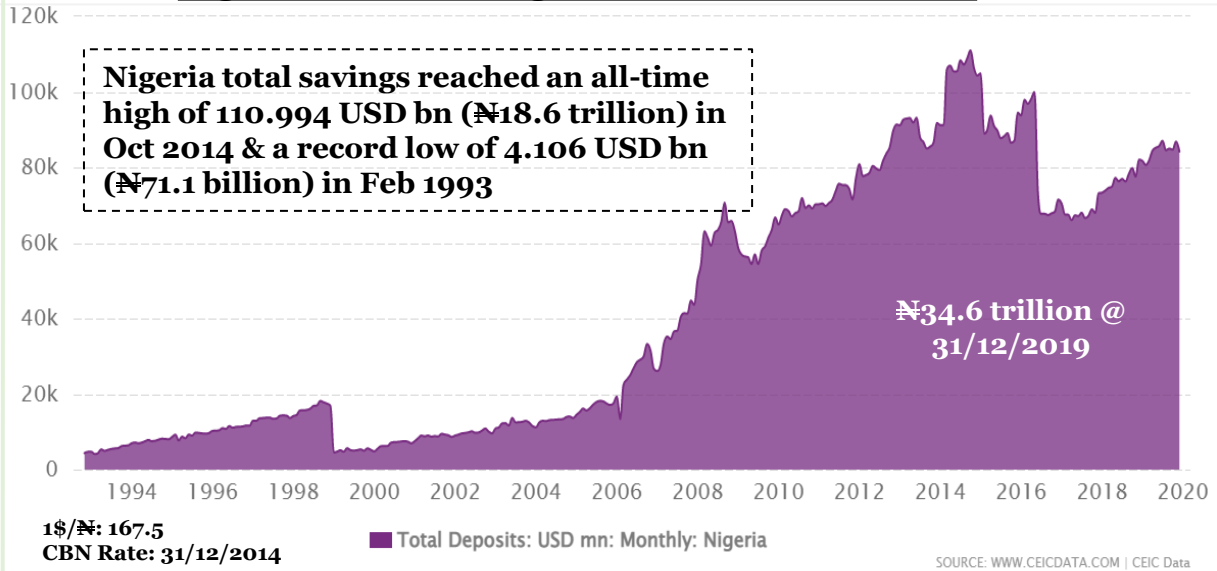
## Ponzi scheme “red flags”

- **Out-of-the-ordinary returns**
- **The guaranteed aspect**
- **No info on downsides**
- **Unregistered investments**
- **Unlicensed providers**
- **Anecdotal evidence**

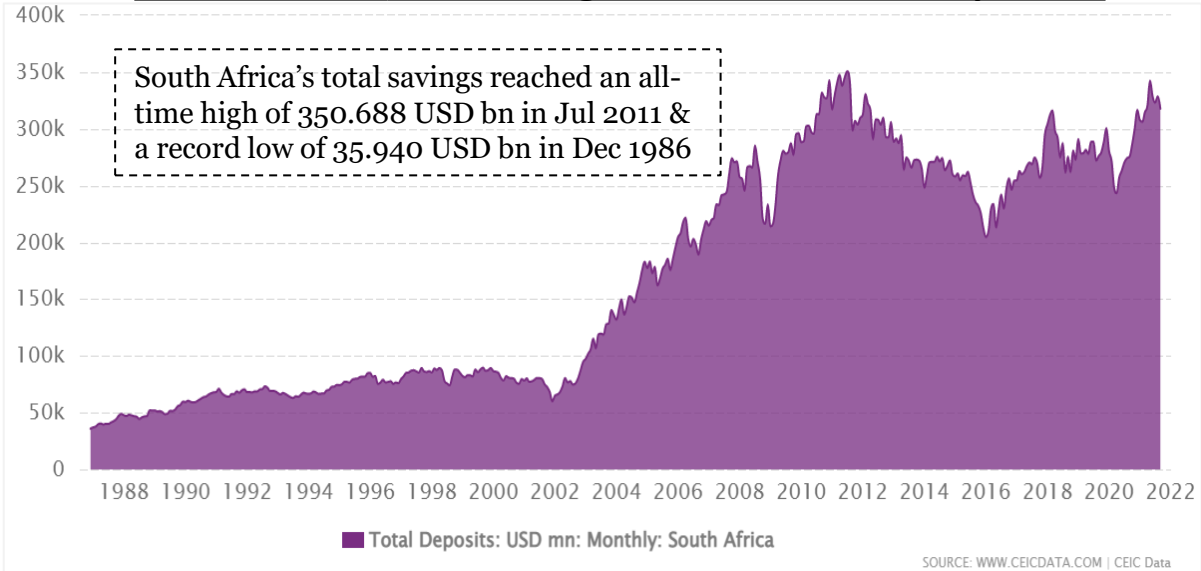


# Trend: Snapshot of Savings/Deposit Culture

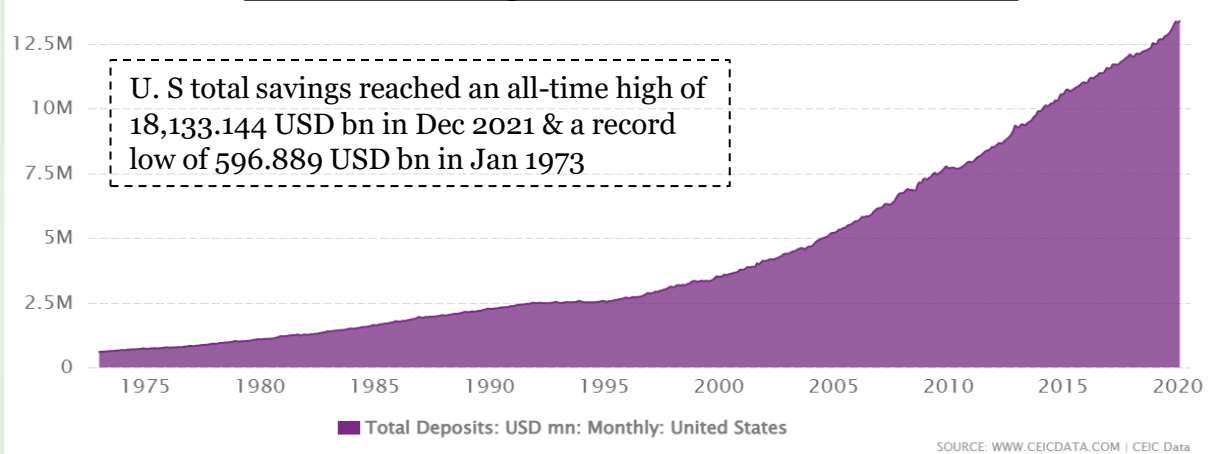
**Nigeria's Total Savings from 1994 to Dec 2020**



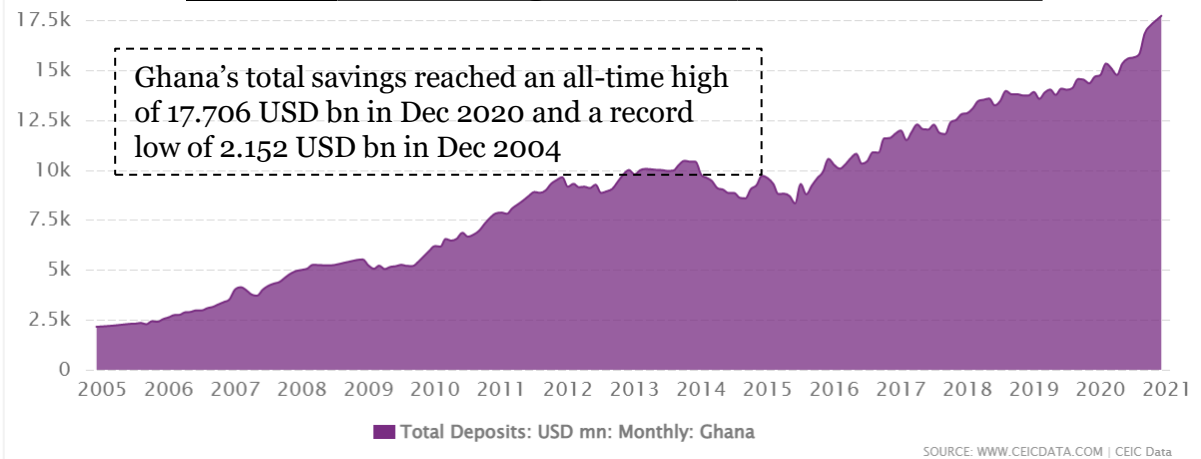
**South Africa's Total Savings from Jan 1986 to Sept 2021**

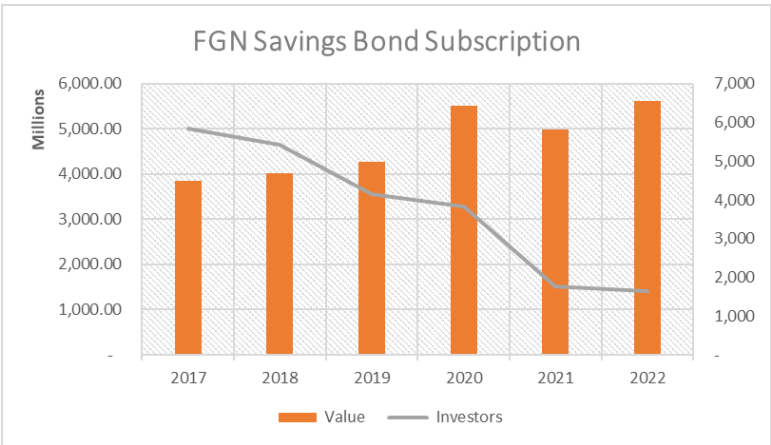


**U.S Total Savings from Jan 1973 to Dec 2021**



**Ghana's Total Savings from Jan 2004 to Dec 2020**

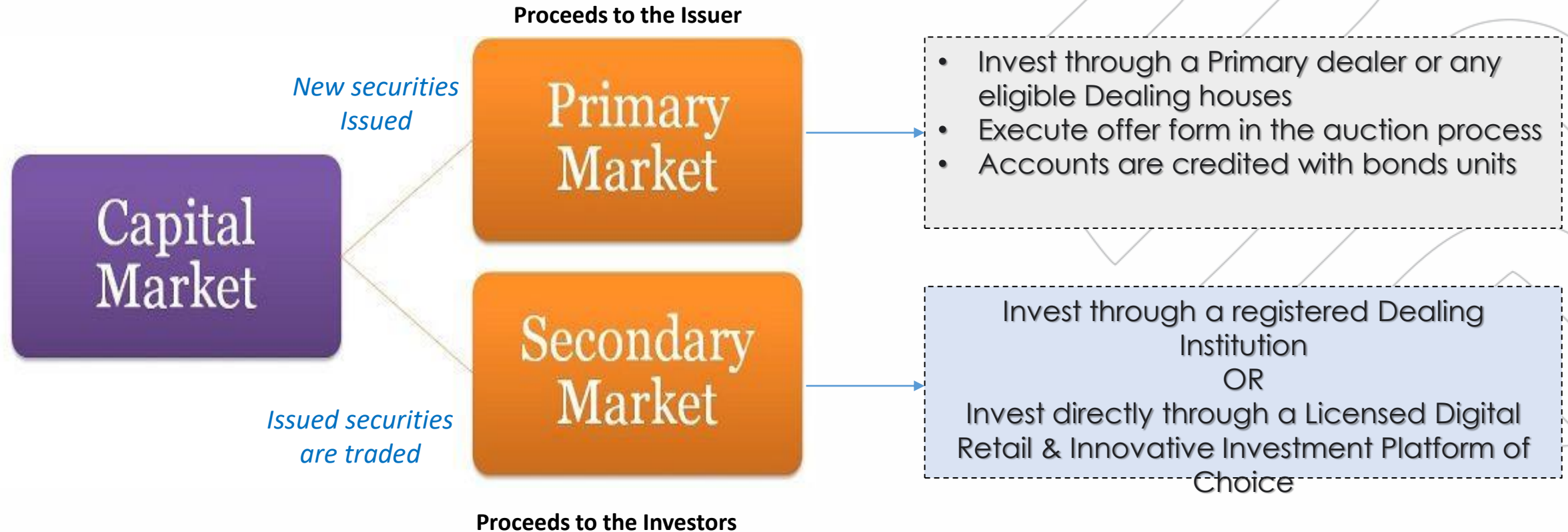




## What to consider?




## How to Invest:








## HOW TO INVEST IN DCM INSTRUMENTS AS A RETAIL INVESTOR?

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Peace of mind investing  
Join other investors on TradeFi  
and start earning interests

**12,074,880,000**

Total Investments on TradeFi

[Get Started](#)

Licensed by Securities and  
Exchange Commission (SEC)

11:23  
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Treasury Bills

TFI 25-Jan 22	8 days Tenor
6.50% Sell Rate	6.00% Buy Rate
<a href="#">I-Sell</a>	<a href="#">I-Buy</a>
TFI 10-Feb 22	24 days Tenor
7.00% Sell Rate	6.50% Buy Rate
<a href="#">I-Sell</a>	<a href="#">I-Buy</a>
TFI 02-Mar 22	44 days Tenor
7.50% Sell Rate	7.00% Buy Rate
<a href="#">I-Sell</a>	<a href="#">I-Buy</a>
TFI 12-Apr 22	85 days Tenor
8.00% Sell Rate	7.50% Buy Rate
<a href="#">I-Sell</a>	<a href="#">I-Buy</a>
TFI 11-May 22	114 days Tenor
8.50% Sell Rate	8.00% Buy Rate
<a href="#">I-Sell</a>	<a href="#">I-Buy</a>

Home

Wallet

Investment

Portfolio

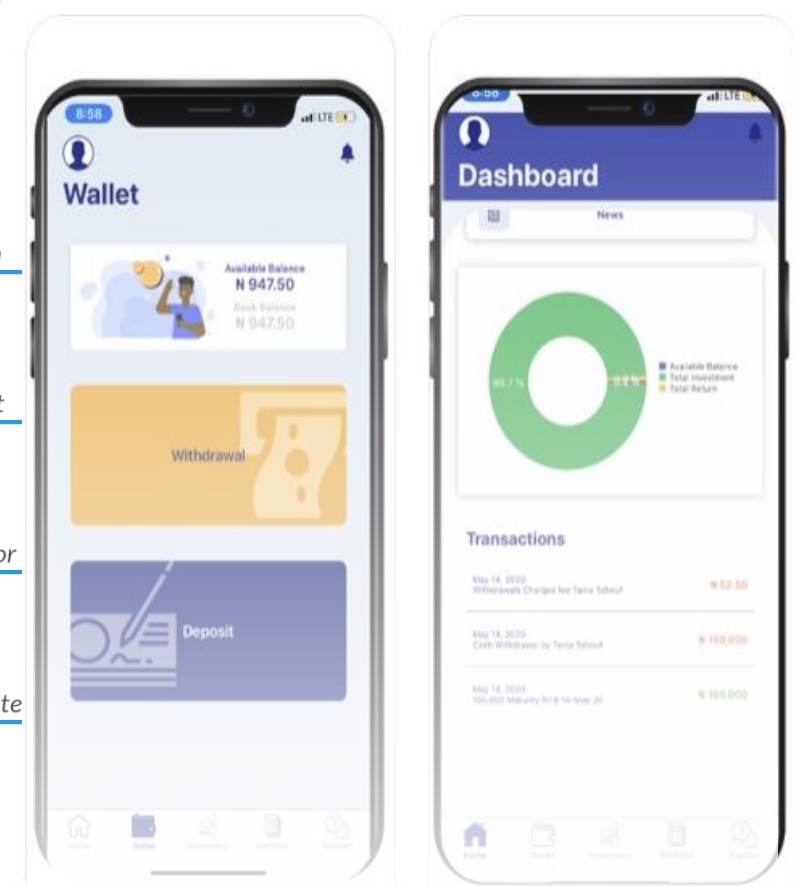
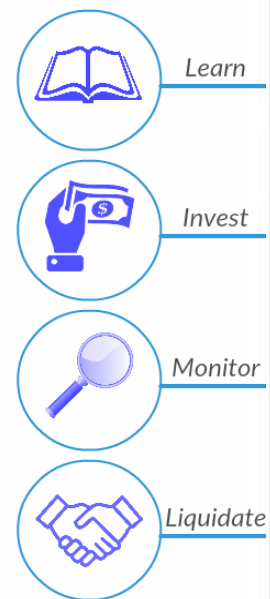
Support

# Retail Investment Platform

**TradeFi is Comercio Partner's retail investment platform in Fixed Income Instruments.**

## Why TradeFi?

- Simplifies the entire fixed income investment process
- Guarantees liquidity and ease of sale at client's will, not as determined by maturity
- Offers a higher rate of return to comparable liquid investments in savings accounts



**Fixed income, investing, learning, and so much more...**

**...boxed into one platform**

### Convenience

Ease of investing, monitoring and liquidation at the launch of TradeFi app

### Liquidity

Terminate your investment at anytime

### Competitive Return

Earn competitive and risk free return on your investments

### Safety

Upon signing on, your cash and securities accounts are opened with a reputable custodian

### Learn

Learn how to invest and practise on the TradeFi virtual environment

# How it Works

Sign up to Register

Fund your Wallet

Start Investing







# Thank you

[www.comerciopartners.com](http://www.comerciopartners.com)

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