



Q3 2021 Capital Market Committee Meeting

Ayodeji Balogun – Chief Executive Officer



823 Ralph Shodeinde St,
Central Business District,
Abuja

AFEX

01/

***Exchange Performance For The
Period: Indexes Performance,
Fund Flows, Listed Instruments
Performance and Participation.***



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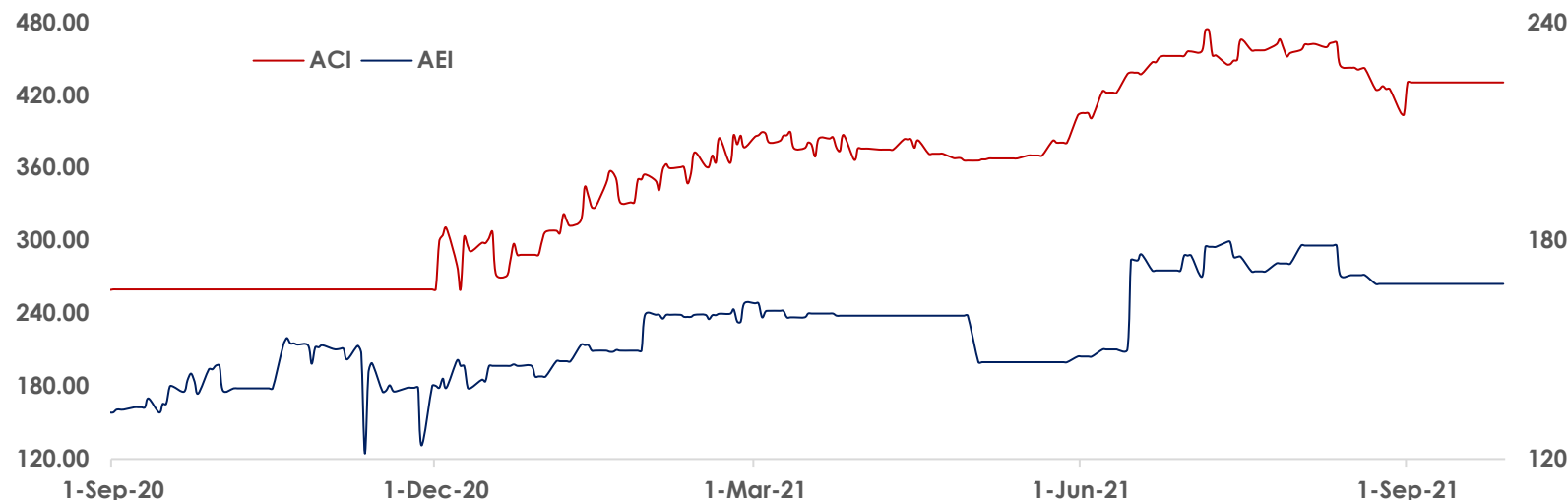
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Exchange Performance (1/3)

September 2020 – September 2021

AFEX Indexes



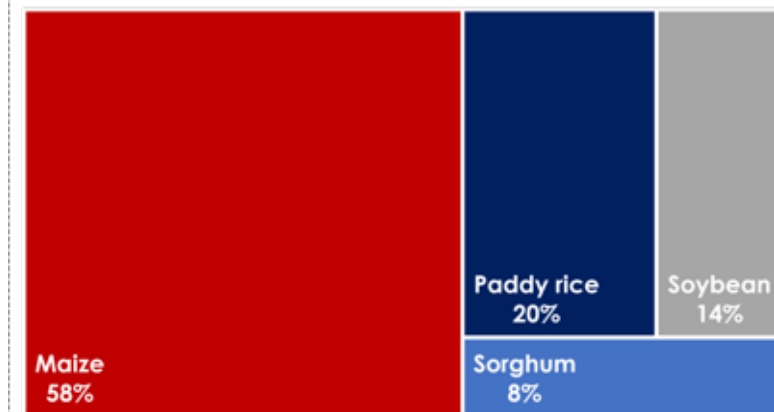
ACI Sep 20 – Sep 21

66%

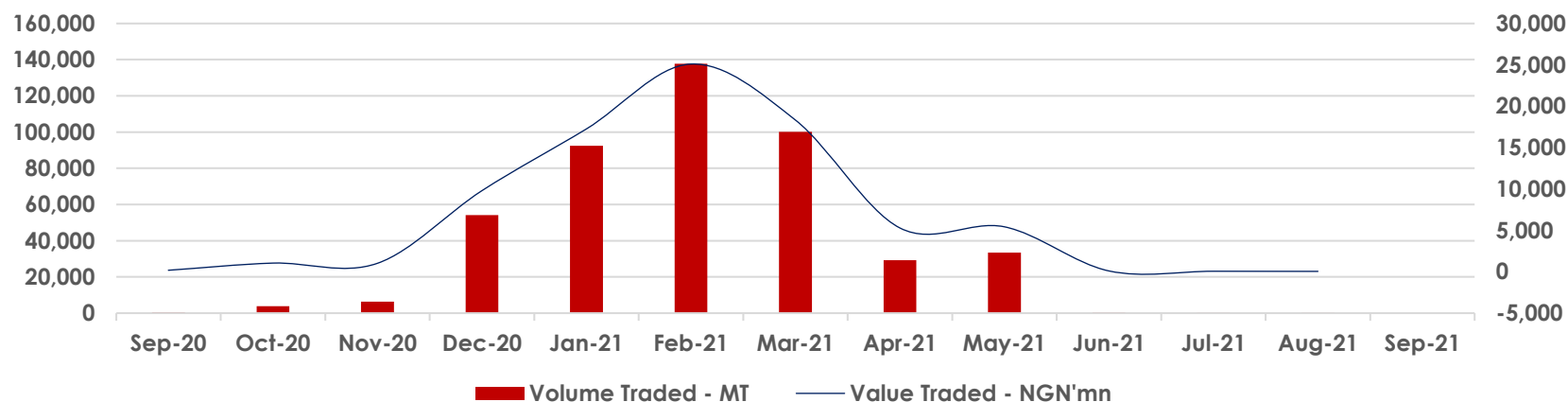
AEI Sep 20 – Sep 21

15%

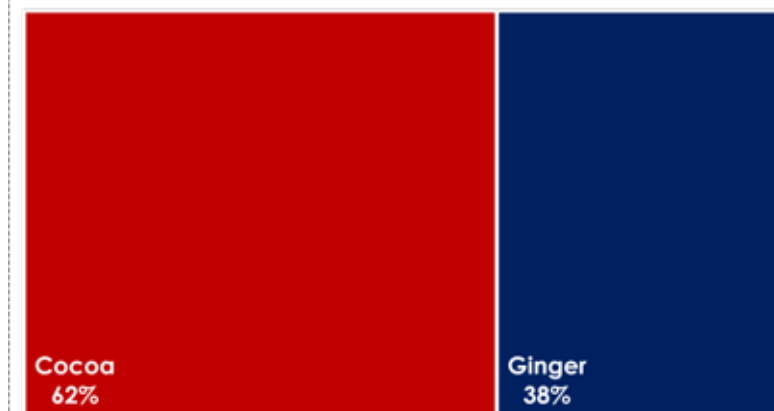
AFEX Commodities Index Make Up



Volume & Value Traded on the Exchange

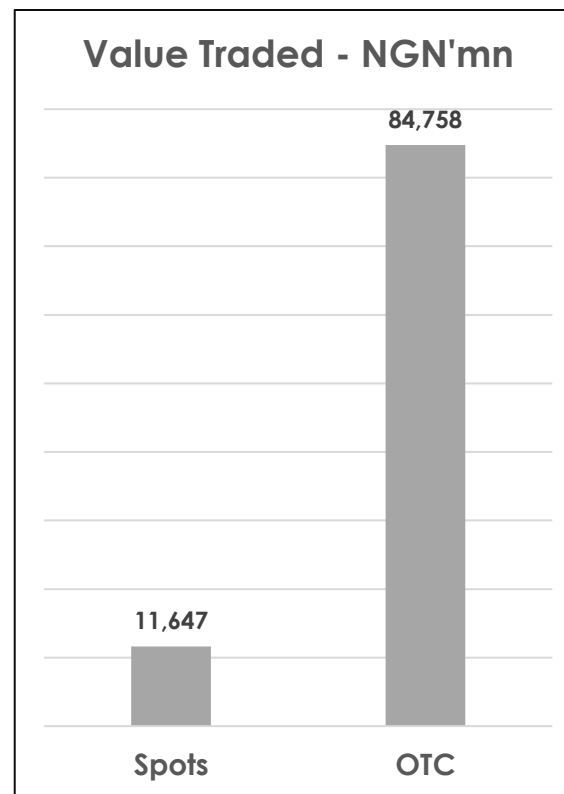
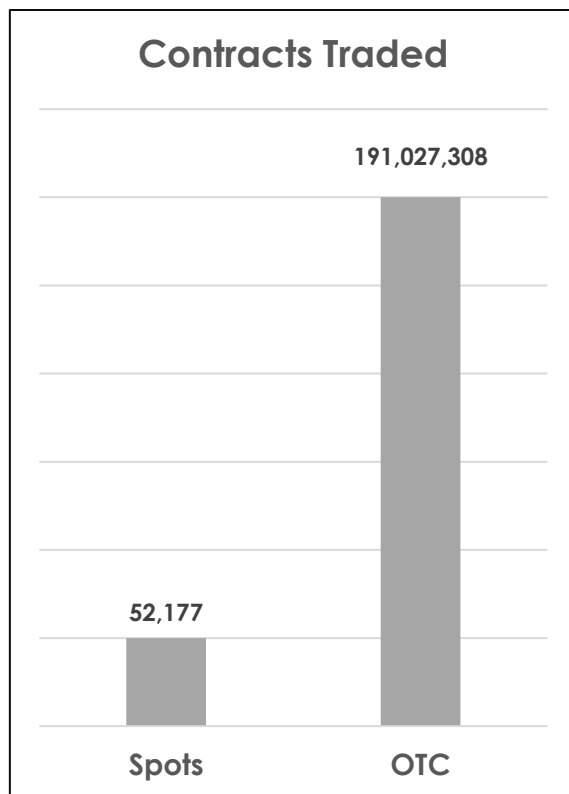
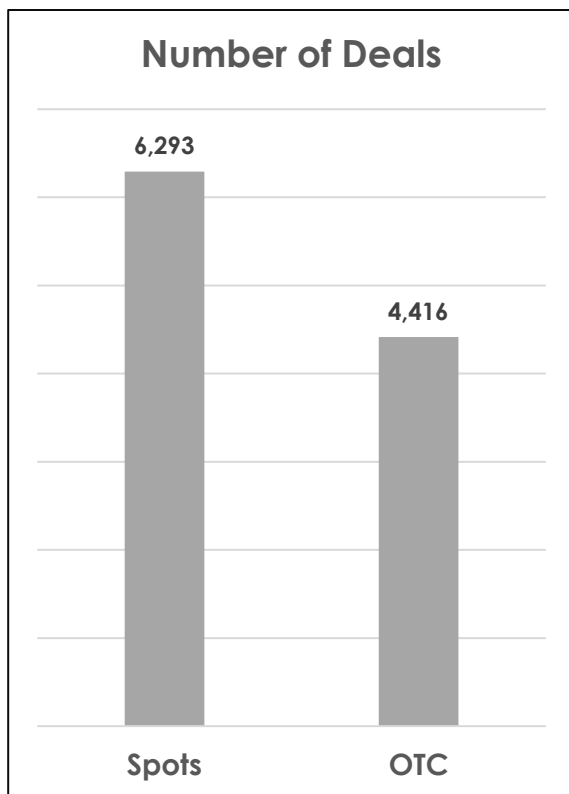


AFEX Export Index Make Up



Exchange Performance (2/3)

September 2020 – September 2021



>>
88%



>>
7%



>>
2%



>>
1%



Having successfully executed the securitization of commodities, the exchange has been able to power the transition between the commodities market and capital market. Hence, enabling investors gain exposure to the commodities market in an efficient and transparent manner. However, a significant proportion of the value and volume traded on the exchange is accounted for by transactions on the physical market. As seen in the chart above, the value traded in the physical market is about seven times that on the exchange-traded market. The exchange has continued to increase the range of financial products issued. This quarter two short-termed financial products closed out, these include; the Asset-Backed Commercial Paper and the Fair-Trade Exchange Traded Commodity. In addition, the AFIN was leveraged to raise N7bn in Q2 2021 that will be used to finance the 2021 production season.

Fixed Income Products on the Exchange

Product	Tenor	Value – NGN'bn	Status
ABCP	270	25	Closed
AFIN	270	7	Active
FETC	270	0.55	Closed

Exchange Performance (3/3)

September 2020 – September 2021

Since the launch of the proprietary trading platform (ComX), the exchange has been able to onboard different classes of members ranging from Capital Market Operators, Institutional Members, and Retail Investors. This is attributable to the ability of the trading platform to enable the interaction between market participants through the exchange of different financial products.

01.



36,704
Downloads

Currently available on Apple Store and Google Playstore, ComX can be downloaded by any market player in the country. This is in line with the exchange vision to provide the market infrastructure needed to create wealth for all capital market players

02.



18,711
Signups

These are individuals and corporates who created an on ComX. Data analysis shows just about 51% of the users who download the Trading Application own an account on ComX

02/

Exchange Initiatives: Market Initiatives, Product Development and Stakeholders Engagement.



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Market Making Arrangement

Exchange Initiatives

Initiative Description

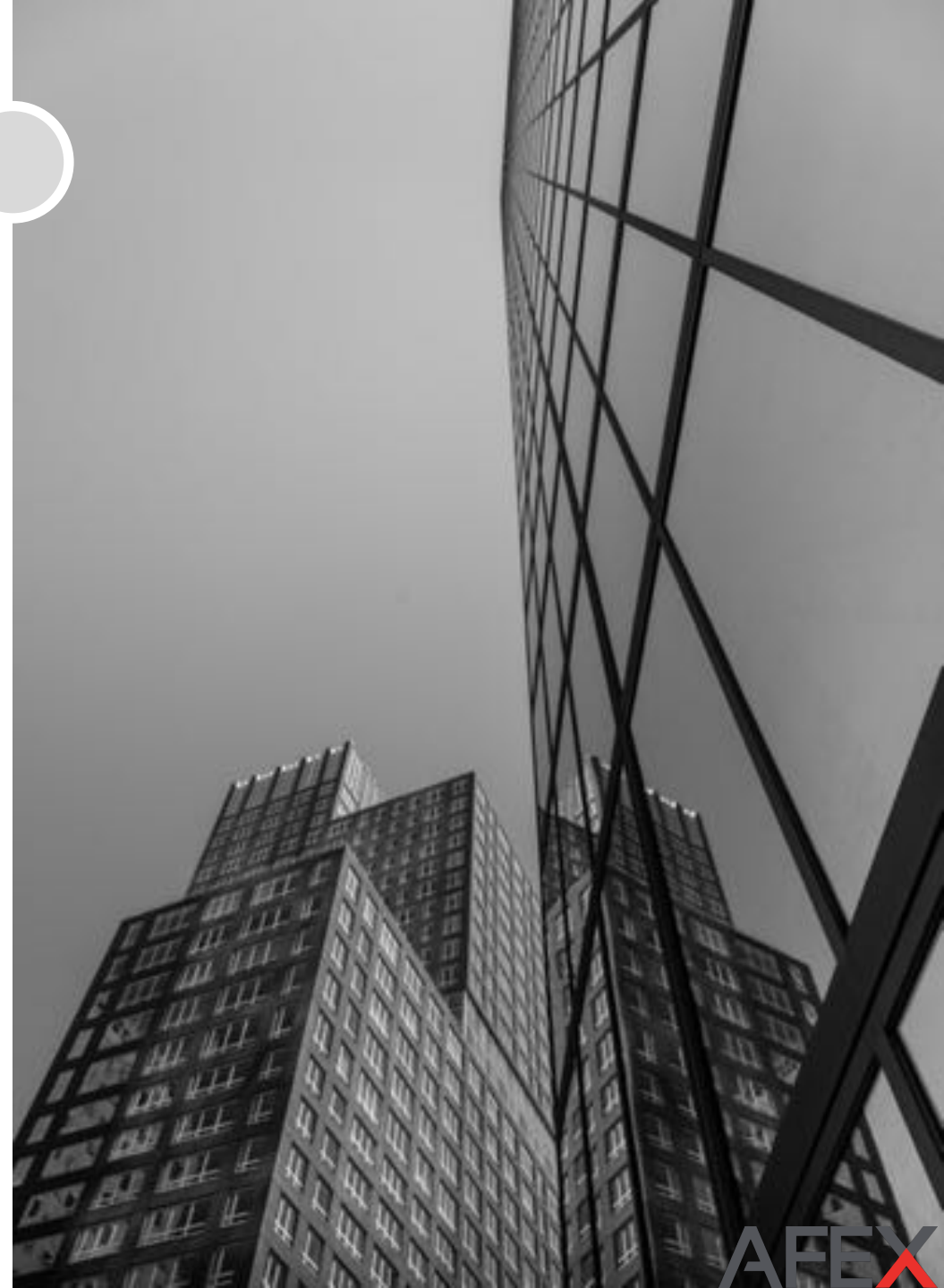
The market-making structure is designed to identify and select market participants with adequate resources to provide two-way quotes (buy and sell) on contracts on the Exchange. The objective is to boost liquidity on the Exchange while boosting the confidence of investors on the exchange. Over the years, we have invested significantly in deepening the commodities market as we seek to build a market that can accommodate any and every transaction size. With the market making initiatives, the following objectives will be achieved:

01.

Exposure of commodities contracts to a wider audience of investors. Hence, increasing the adoption of commodities as an alternative asset class

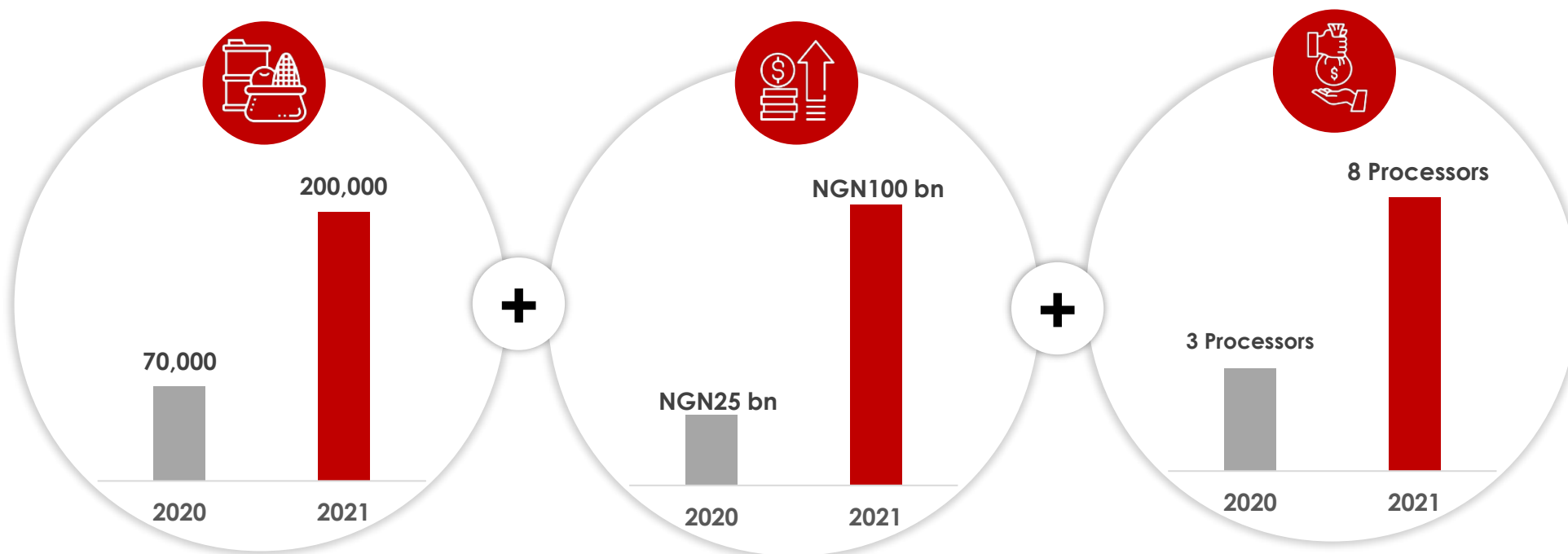
02.

Increase in the volume of traded contracts on the Exchange by ensuring the availability of orders to match pending orders on the Exchange.



Asset Backed Commercial Paper (ABCP)

Exchange Initiatives



Volume Aggregated

The proceeds from the Capital Market will be used to aggregate commodities for the obligors. The last series of the program aggregated 70,000 MT of grains, this year, the proceeds will be used to aggregate 200,000 MT of grains

Capital Raised

The last series raised about NGN25 billion from capital market players. This year, the estimated target for the program is to raise double last year's value, i.e NGN50 bn.

Obligors

The ABCP is used to finance agribusiness through working capital provision needed to enable all-year-round production. This year, the security will finance six processors

2020	
2021	

Benefits of ABCP

Exchange Initiatives



Primary Benefits

- Lower cost of financing incurred due to the superior structure of the product.
- A natural hedge to price and supply chain risk.
- Average lower procurement cost of grains and commodities.



Outcomes

- Up to 30% savings on the cost of procurement due to timely and efficient procurement of the grains
- Up to 4% savings on the cost of capital with the recognition of Electronic Warehouse Receipts as assets.

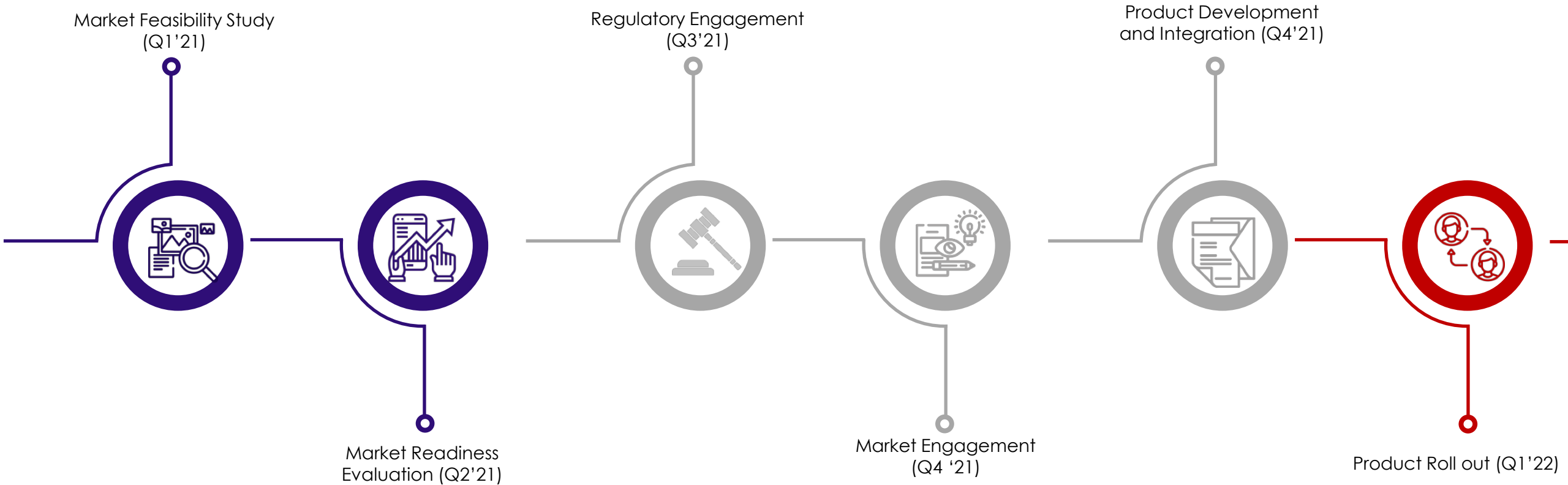


Improvements

- Better understanding of the product structure to improve operation of the product.

Derivatives Product Implementation

Timelines & Activities



Completed	<div></div>
In-Progress	<div></div>
Upcoming	<div></div>

Market Development & Engagement

Planned Activities & Engagements

In a bid to increase engagement of capital market players (both Institutional, Retail Investors, and Capital Market Operators), the Exchange will continue to invest heavily in market development initiatives. The Exchange will also continue to engage the market through monthly educative sessions. Among these sessions include:



Alternative Investment: Driving youth and women inclusion

Females and Youth account for a significant proportion of the adult population in Nigeria. These segments of the adult population are usually not provided with appropriate wealth creation means or do not have the required knowledge on how to play in the Capital Market. The training will educate females and youths on leveraging wealth creation strategies in the Capital Market



Understanding Commodities as an alternative asset class

The flow of funds into the commodities market is significantly negligible to the total capital market size. This reality is fostered by the improper understanding of the commodities market by capital market players. Overall, the commodities market has provided returns above the national inflation rate, hence the need for the recognition of commodities as an alternative asset class.

Chartered Institute of Stockbrokers



Collaboration with the institute to fast-track industry development and expansion leveraging on institutional capabilities



Expand the training curriculum and learning opportunities for professionals in the industry and deepen understanding of commodities market.



Support the mainstreaming of the commodities asset class as an alternative asset class

Strong and Growing Relationships With CMOs & Financial Institutions

Sankore

AFRINVEST

GTBank

CHAPEL HILL DENHAM

Lotus Capital
HALAL INVESTMENTS

ZEDCREST
CAPITAL LIMITED

GREENWICH
TRUST LIMITED

WCM
WCM Capital Limited

Sterling Bank

FBNQuest
Asset Management

Mainstreet Bank
CAPITAL LIMITED

VETIVA
CAPITAL MANAGEMENT

LeadCapital Plc

FUND MANAGERS
ASSOCIATION OF NIGERIA

ARM
INVESTMENT MANAGERS

fsdh
HOLDING COMPANY LTD

marble
CAPITAL

nörrenberger

DSU
BROKERAGE SERVICES LTD



**Thank
You**

AFEX