Introduction

In this special edition of the Uhuru Quarterly Newsletter, our Managing Partner, Dr. Yemi Osindero, sits down with Mr. Temi Popoola, Group Managing Director and Chief Executive Officer of NGX Group, to discuss what is driving Nigeria's equity market rally and what it signals about the evolution of the country's capital markets and the private equity ecosystem.

Nigerian Exchange has entered a new phase of activity, marked by successive years of strong index performance and a meaningful expansion in market capitalisation. For private equity investors across Africa, this matters. A deeper, more liquid public market creates genuine exit pathways: IPOs and secondary sales that were previously constrained by limited liquidity and narrow strategic buyer pools. Recent transactions underscore this shift. As NGX strengthens, founders and PE sponsors now have real optionality beyond trade sales, opening new routes to capital realisation at scale.

In this Edition:

The central question running through the conversation is whether this rally reflects a genuine repricing of Nigerian assets, supported by ongoing macroeconomic reforms, improving fundamentals, and renewed investor confidence, or a cyclical move that will eventually turn. The answer touches on foreign capital flows, domestic participation, market infrastructure, and the role public markets are beginning to play in the private capital lifecycle. For investors building and exiting businesses across the continent, understanding this inflection point matters.

POLICY PULSE: NGX Inflection Point: Reform, Liquidity, and Market Repricing

A Conversation with Mr. Temi Popoola, Group Managing Director/CEO, NGX Group

Nigerian Exchange has been on a remarkable run. The All-Share Index rose 37.6 percent in 2024 and climbed another 51 percent in 2025. Over the same period, equities market capitalisation expanded from roughly ₦62 trillion in December 2024 to ₦160.444 trillion as of May 15th, 2026.

Numbers like these invite skepticism. An index gain of 159 percent can reflect genuine value creation, or it can reflect a liquidity wave that will eventually recede. For investors trying to distinguish between the two, the answer changes how you size positions, how you think about entry points, and whether Nigeria belongs in a portfolio at all.

Mr. Temi Popoola has a closer view than most. As Group Managing Director and CEO of NGX Group, he sits at the centre of the market infrastructure

Mr. Temi Popoola
Group Managing Director/CEO, NGX Group

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that has made this run possible, and he is direct about what has genuinely changed and what has not.

1. What is really driving this repricing of Nigerian equities?

What we are seeing is a combination of policy reform, improving market confidence, and a reassessment of the long-term value within Nigerian equities. For a long time, many quality companies traded below their intrinsic value because the market was pricing in macroeconomic uncertainty, FX distortions, and liquidity constraints.

Over the last two years, reforms around foreign exchange liberalisation, fiscal adjustments, subsidy removal, and monetary tightening have started to reshape investor perception. While these reforms carried real short-term adjustment costs, they have also strengthened confidence in the direction of policy and the broader economy.

Listed companies have demonstrated real resilience across this period. Across banking, telecommunications, consumer goods, industrials, and energy, many businesses adapted to inflationary pressures by optimising operations, repricing products, strengthening balance sheets, and expanding regionally. That resilience translated into strong earnings performance despite a difficult operating environment.

In periods of elevated inflation, investors look for assets that can preserve value over time. Equities became increasingly attractive because many listed companies have the scale and pricing power to outperform inflation. As confidence improved, domestic investors became more active, pension fund participation strengthened, and foreign investors gradually began rebuilding exposure. Better liquidity supports better price discovery and the two reinforce each other.

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2. What has changed in terms of foreign investor participation?

The biggest shift has been the gradual restoration of confidence around market accessibility and capital mobility. Historically, many foreign investors were less concerned about the attractiveness of Nigerian assets and more concerned about their ability to efficiently enter and exit the market, particularly around foreign exchange liquidity and repatriation.

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Over the last two years, FX market reforms have improved transparency and price discovery. Investors generally prefer a market-driven system with transparent pricing over one characterised by multiple exchange rates and administrative constraints, even if the transition involves periods of volatility.

Nigeria's reclassification by FTSE Russell as a Frontier Market has reinforced market credibility and improved visibility within global allocation frameworks. Index reclassification does not automatically translate into inflows, but it supports medium- to long-term institutional positioning decisions.

We are also seeing increased engagement from long-only institutional investors, frontier market funds, and global asset managers. The conversation has evolved beyond short-term yield opportunities toward strategic exposure across financial services, infrastructure, technology, energy transition, and industrial expansion. Foreign participation is still rebuilding, but the direction is clearly improving.

3. Beyond the macro story, what has been driving activity within the market itself?

Several market-specific developments have contributed.

The banking sector recapitalisation was the most consequential catalyst. Nigerian banks collectively raised more than ₦4 trillion during the exercise, drawing deep engagement from both domestic and international investors and demonstrating that the Nigerian capital market could absorb supply of that scale. Central to its execution was NGX Invest, our e-offering platform, which digitised the primary market process, improved execution efficiency, and broadened retail access in ways that were not previously possible.

Retail participation has also improved materially, supported by greater financial literacy, digital investment platforms, and growing awareness of wealth creation through capital markets. Younger investors in particular are becoming more engaged with equities.

Market participation has broadened beyond banking stocks as well. While recapitalisation initially drove much of the momentum, investors are now rotating into industrials, consumer goods, telecommunications, and energy. Growth in Exchange-Traded Funds, fixed income products, and broader portfolio diversification reflects a more sophisticated investor base.

What we are witnessing is not simply cyclical activity. It is a strengthening of participation, accessibility, and market depth across the board.

4. What structural improvements are making NGX more attractive to institutional investors?

Institutional investors want markets that are transparent, efficient, liquid, and predictable. We have focused deliberately on those foundations.

The transition to T+1 settlement cycle is particularly consequential. It aligns Nigeria more closely with global standards, improves capital efficiency, reduces counterparty risk, and enhances overall market competitiveness. For institutional investors managing large cross-border portfolios, settlement timing is not an administrative detail, it is a risk variable.

We have also extended trading hours, which supports better price discovery and creates greater flexibility for investors across different time zones. Corporate governance standards at listed companies have strengthened as well, with measurable improvements in disclosure, board oversight, and governance discipline. The demutualisation of the Exchange, its conversion from a member-owned entity into a commercially oriented public company, gave NGX Group the ability to generate profit, attract investment, and build its own infrastructure in ways the previous structure simply did not allow.

Product diversification remains a priority. A modern capital market must extend beyond equities, and we are seeing continued growth across fixed income products, ETFs, derivatives, and sustainable finance instruments. Through initiatives such as the NGX Net-Zero Programme, we are supporting listed companies in developing credible climate transition pathways and improving alignment with global sustainability standards which matters increasingly to institutional capital with ESG mandates.

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Our focus remains on building the structural foundations that position the Nigerian capital market as a competitive destination for long-term capital.

5. Do these Exchange-driven changes meaningfully expand the role of public markets in the private equity lifecycle?

They do. One of the most consequential developments is the strengthening of public markets as a viable exit pathway within the broader private capital ecosystem.

Historically, private equity investors across Africa faced limited exit options. Trade sales were narrow, strategic buyers were few, and public market exits were not always viewed as sufficiently liquid or scalable to serve as a genuine realisation route. As markets deepen and liquidity improves, that changes.

A more liquid Exchange creates greater optionality for private equity sponsors, venture capital investors, founders, and growth-stage businesses. Public markets can provide efficient capital raising, secondary liquidity, valuation transparency, and long-term growth capital. We are already seeing increasing interest from companies that would not previously have considered a listing as part of their growth strategy.

Public and private markets should not be viewed as competing ecosystems. They are complementary parts of the broader financing and investment cycle. Strong public markets improve valuation benchmarks for private assets, expand financing pathways, and increase investor confidence on both sides. For Nigeria, this matters because the scale of capital required to support economic transformation cannot rely solely on bank financing. The Exchange's role is to ensure its piece of that system is functioning well enough to attract its share.

6. Looking ahead, what could shape the next phase of market growth?

The next phase will largely depend on Nigeria's ability to sustain reform momentum, deepen market participation, and expand the breadth of investable opportunities.

Macroeconomic stability will remain foundational. Investors will continue to monitor inflation trends, exchange rate stability, fiscal discipline, and monetary policy credibility. Sustained policy consistency is critical.

The pipeline of new listings will equally matter. Increased participation from high-quality issuers across technology, infrastructure, healthcare, agriculture, energy, and industrials could deepen market breadth and attract broader investor interest. Domestic institutional capital will also play a growing role. Nigeria's pension industry continues to expand, creating a pool of patient capital that can support market development over time.

Technology will remain a key driver as capital markets globally become more digital and data-driven. There is also real opportunity within sustainable and transition finance. As global capital increasingly prioritises sustainability-linked investments, Nigeria has an opportunity to position itself as a platform for financing energy transition, infrastructure development, and climate adaptation.

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In conversation with Mr. Temi Popoola

The long-term opportunity extends well beyond the current market rally. The real objective is building a market capable of supporting enterprise growth, economic transformation, job creation, and wealth generation at scale.

7. Is this rally more than a cyclical upswing?

I believe what we are witnessing is more structural than cyclical.

Every market rally contains cyclical elements. Liquidity conditions, sentiment shifts, and macroeconomic adjustments will always influence performance. What differentiates the current environment is that several structural forces are evolving at the same time: policy reform, market infrastructure modernisation, institutional participation growth, stronger domestic capital formation, increased technology adoption, and improving market sophistication. Those are not short-term developments.

The market is also beginning to reflect a broader reassessment of Nigeria's long-term potential. For years, there was a disconnect between the scale of the Nigerian economy and the valuation of its capital markets. As reforms improve market efficiency and investor confidence strengthens,

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that gap begins to narrow. There is a generational dimension to this as well. Younger Nigerians are becoming more financially aware, more digitally connected, and more engaged with investing and wealth creation. Over time, that reshapes domestic participation in ways that are structural, not cyclical.

That said, sustainable growth requires continued reform execution. Markets do not move in straight lines, and periods of volatility are inevitable. The focus should not be on short-term index performance alone, but on whether the underlying market architecture is becoming deeper, more transparent, more liquid, and more globally competitive.

From that perspective, Nigeria's capital market is in an important phase, one where NGX Group is positioned not just as a trading venue, but as a central engine for capital formation, economic development, and wealth creation.

Mr. Temi Popoola with the partners of Uhuru
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