

2023 CAPITAL MARKET OUTLOOK

Positioning for long-term wealth



Global Trends 2023

The Reset

Scarce Labour Supply

Deglobalization or Reglobalisation

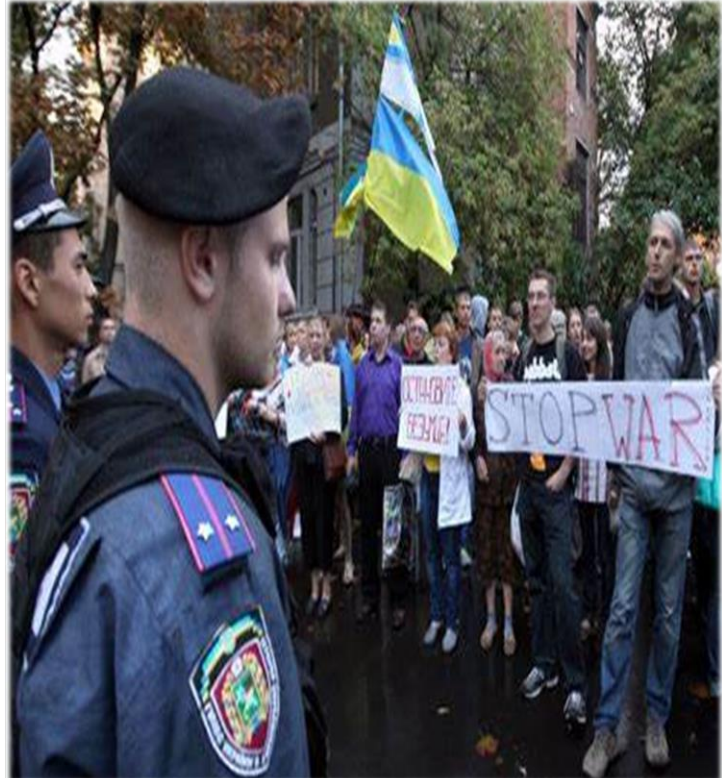
Higher Inflation Rates

Higher Interest Rates



The Year of Inflation

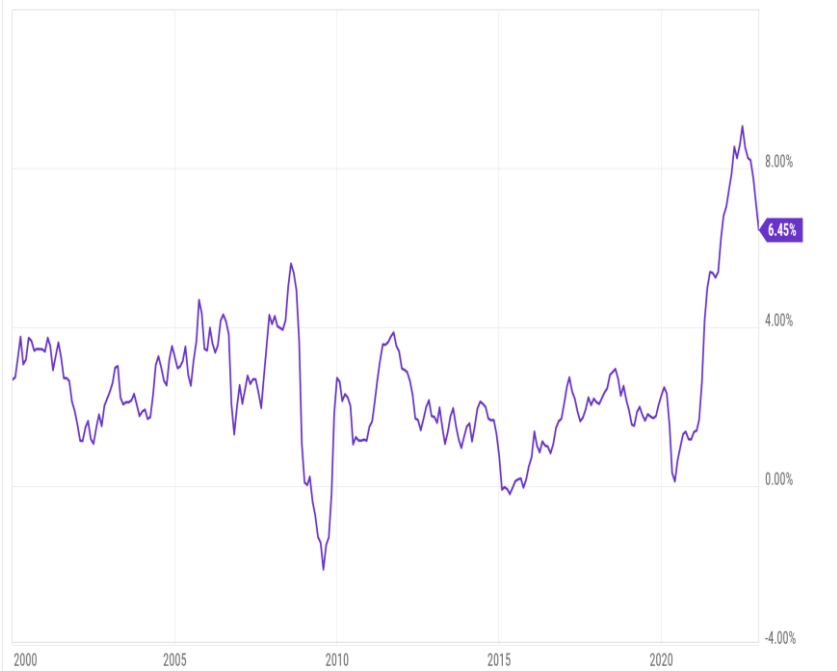
Eurozone Consumer Price Index YoY (I:ECPIYY)





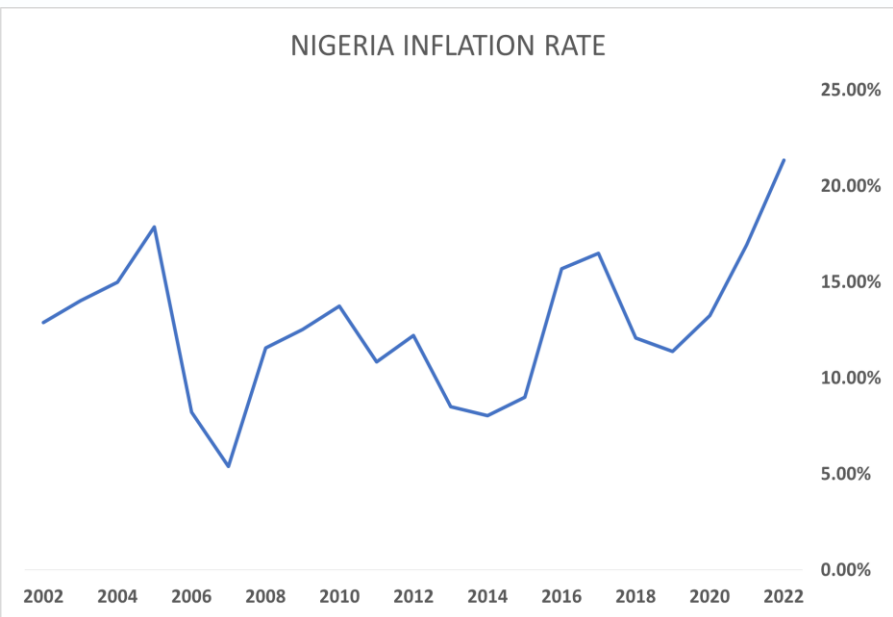
The Year of Inflation

US Consumer Price Index YoY (I:USCPIYY)



Jan 23 2023, 3:50AM EST. Powered by YCHARTS

NIGERIA INFLATION RATE



Rising From Zero

The global surge in interest rate in 2023 may have ushered in a new era of higher interest rates.

GLOBAL INTEREST RATE

Country Name	Interest rate
United Kingdom	3.50%
Eurozone	2.50%
United State	4.50%
Japan	0.10%
China	3.65%
Nigeria	17.50%

Ycharts, as of January 25th, 2023

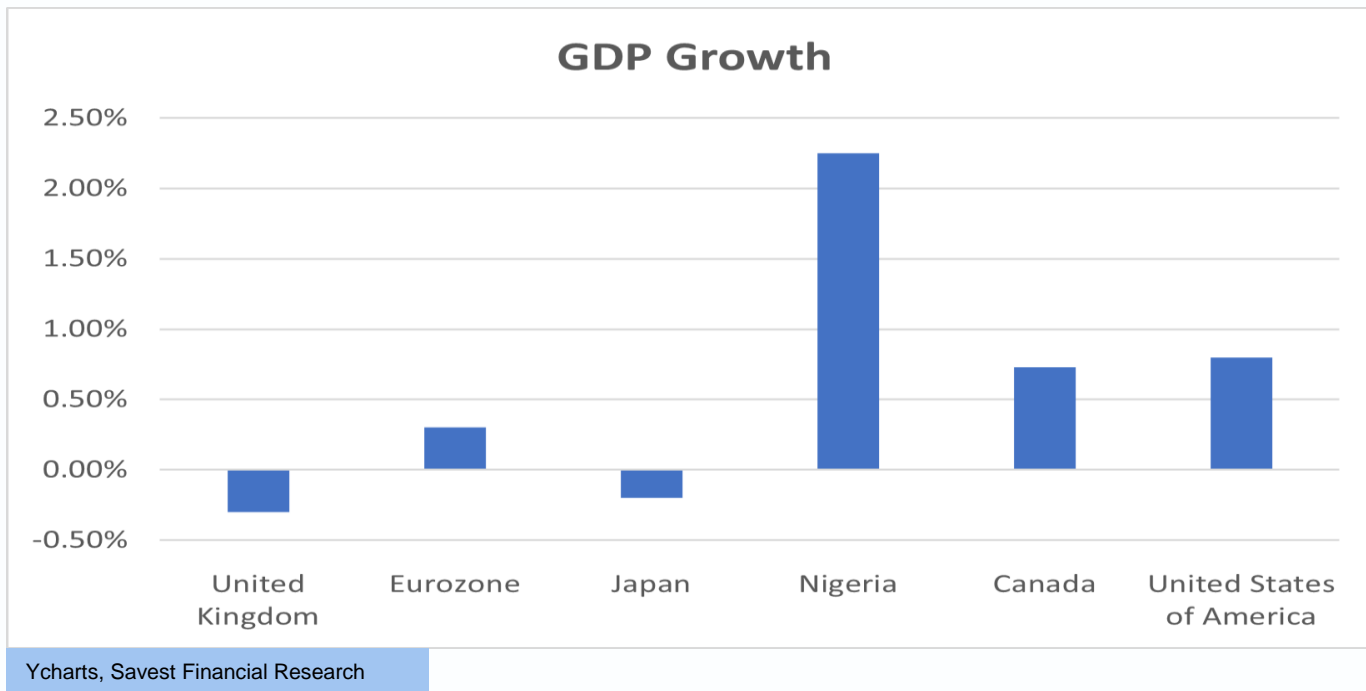
We expect Central banks to continue raising rates, albeit, at a slower pace.

As a result, we expect borrowing rates to remain relatively high, negatively impacting;

- **Consumers' spending**
- **Businesses,**
- **Investments,**
- **Government spending.**



A Market Friendly Recession?



Barring a new surge in inflation, we forecast a moderate global recession helped by wage growth, resilient labour market, slowing inflation and a less aggressive restrictive monetary policy.



Nigeria Macro Economic Outlook 2023

Sluggish growth

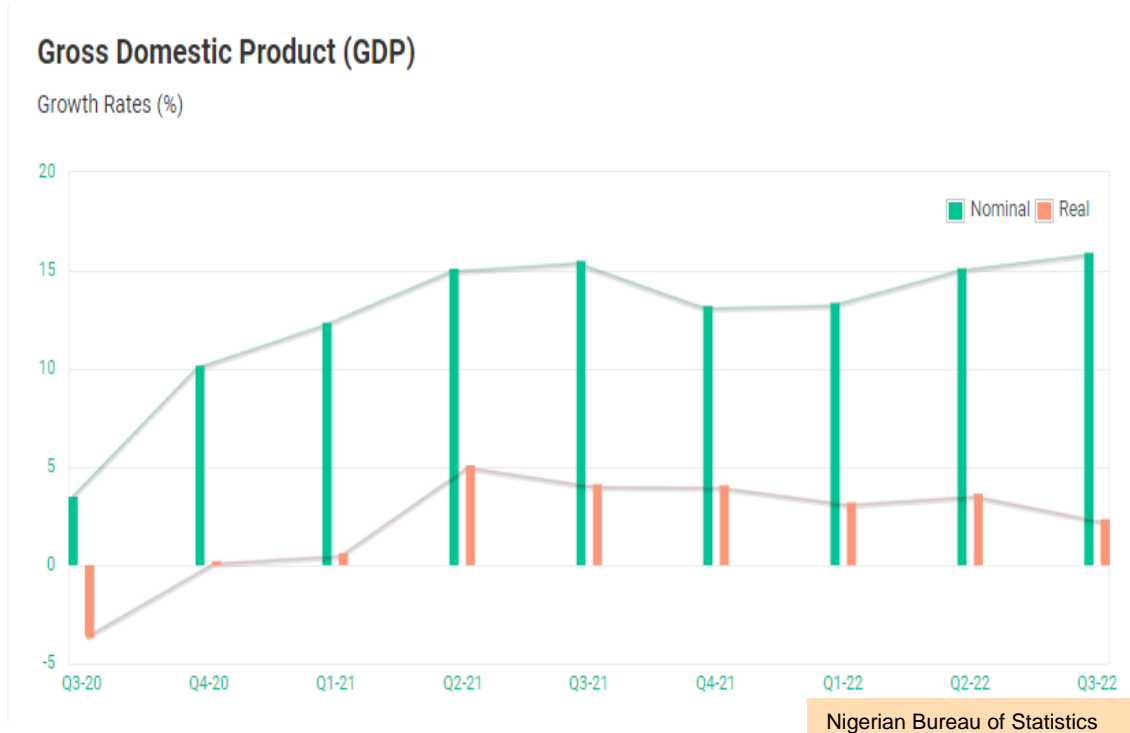
High interest rate

Oil theft

2023 election uncertainty

Insecurity

Nigeria Macro Economic Outlook



Stimulus to the real sector, but not enough to tame:

- High interest rate
- Poverty
- Brain drain
- Oil theft
- Insecurity

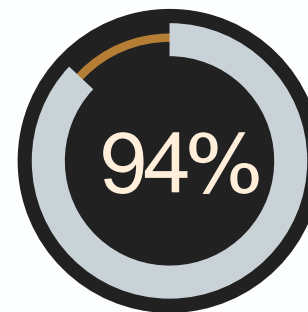
Q3 2022 GDP Breakdown

Oil sector



OIL SECTOR		
	Contribution	YoY% Growth
Oil sector	5.66%	22.67%

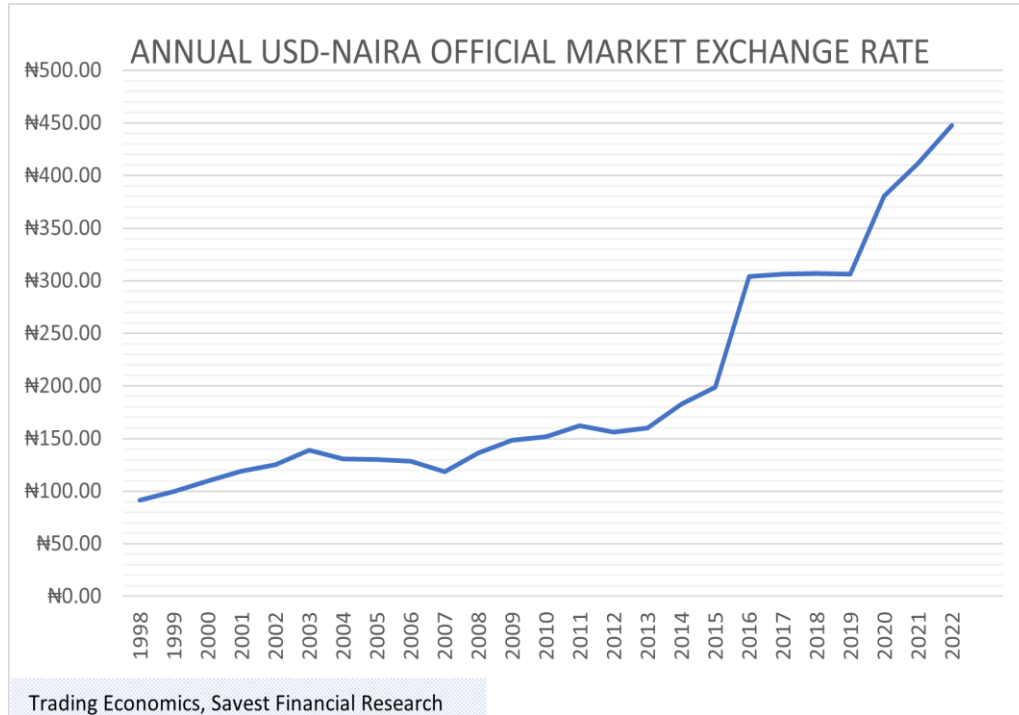
Non-oil sector



NON OIL SECTOR		
	Contribution	YoY% Growth
Non-oil sector, of which:	94.34%	4.27%
Telephone and Communication	15.35%	10.53%
Agriculture	29.67%	1.34%
Trade	12.45%	5.08%

Where is the Naira Headed?

Who will buck the trend?



In support of a Devaluation

1. Weak External Reserve
2. Petrol Subsidy
3. Negative capital flows
4. Oil theft

Against a Devaluation

1. Higher energy prices
2. Dangote refinery
3. Current account surplus

We foresee a further depreciation of the Official Exchange rate to ₦505/\$1 by the end of the year.

2023 Election & The Stock Market

Love-Hate Relationship



Concerns

1. Uncertainty
2. Lack of a clear policy direction



Opportunities for building long-term wealth

Nigerian Eurobonds

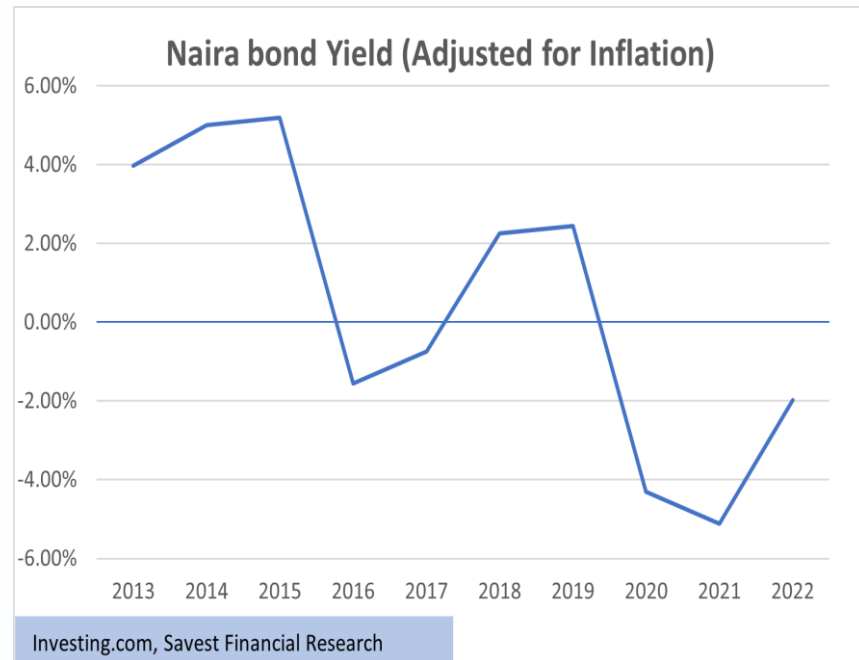
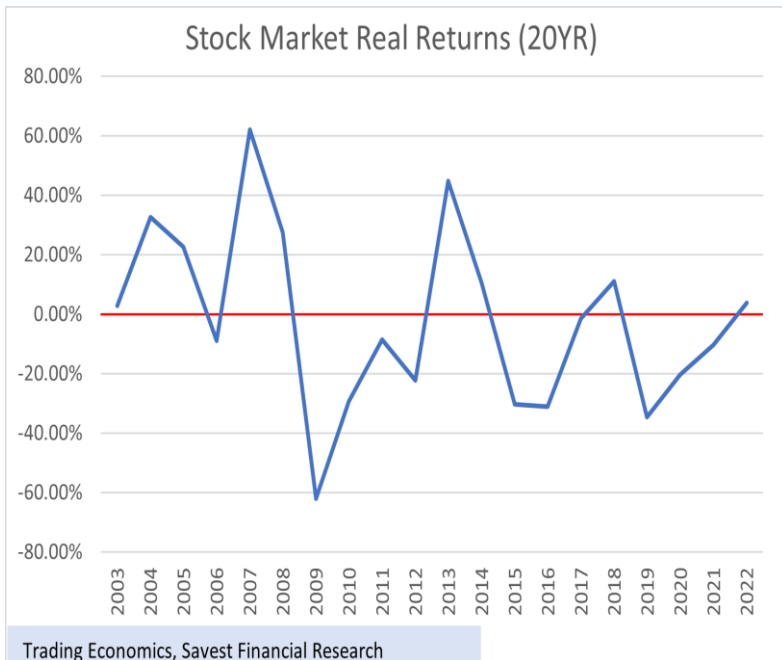
US Equities

40/60 portfolio

Investment themes for 2023



Between Nigeria Stocks and Bonds



1. Uninspiring GDP growth
2. Political Uncertainties
3. High interest rate
4. High inflation rate



Nigeria Eurobonds – Hard to Ignore



Börse Frankfurt, Savest Financial Research.

Attraction

- Better inflation hedge
- Current income
- Attractive, double-digit yield.

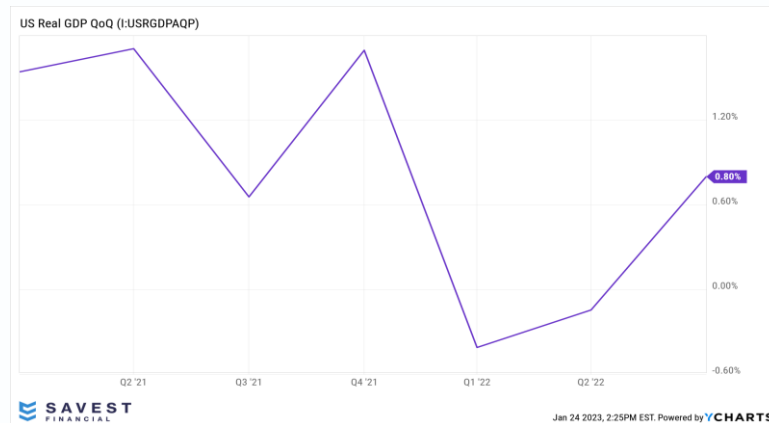
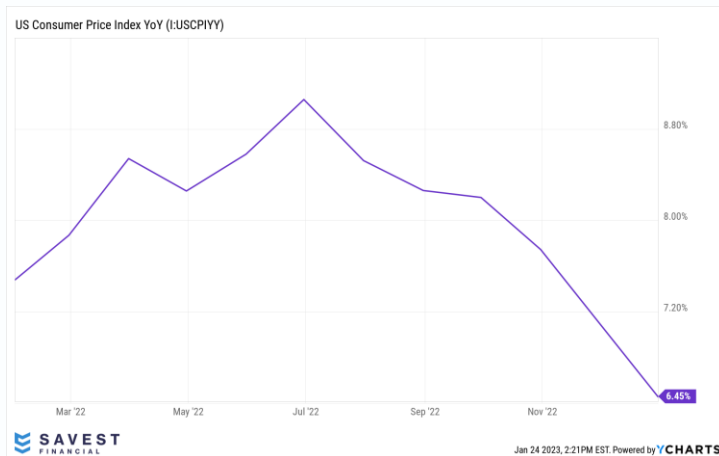
Caution sign

- Sovereign risk
- Default risk
- Interest rate risk



A Case for US Equities

- A healthy consumer's balance sheet
- Attractive stock market valuation
- Annualised return of 11% over the last 10 years



Disclaimer: This is not an investment advise!

“60% stock /40% bond” is undefeated?

- Dividend Income
- Diversification
- Periodic income

10 years ago, imagine that an investor with \$100,000.00 invested:

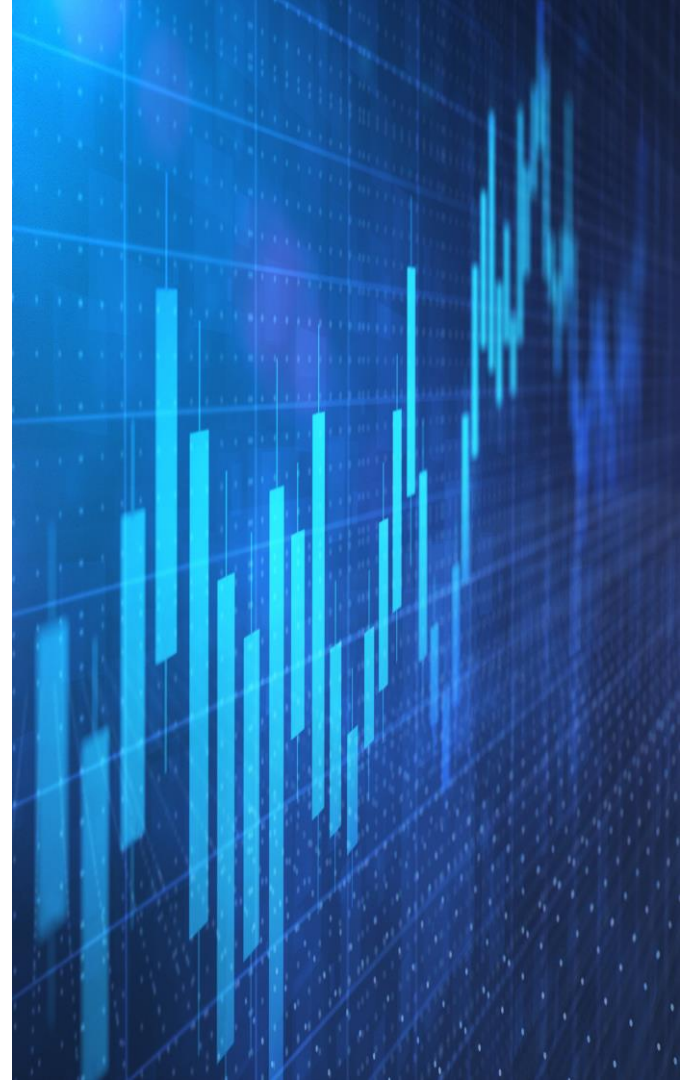
60% in the S&P 500 with an annualized return of 11% and
40% in the Nigerian 10 years Eurobond with a yield of 7.85%.

Today that investor will have \$255,727.94

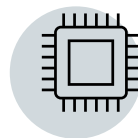
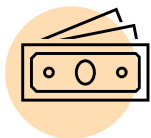


How we select stocks

- Consistent dividend growth
- Healthy Return On Assets (ROA)
- Healthy free cash flow
- Less leverage
- Low volatility



Investment themes for 2023



Dividends Income

Dividend provides a level of risk moderation. We overweight companies paying stable dividends, with a decent growth in revenue.

Healthcare

The healthcare sector offers attractive valuations and offers some portfolio defense from the expected market volatility. We also like biotechnology stocks in advanced clinical stages.

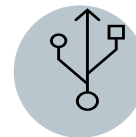
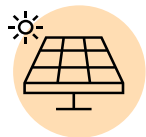
Semi-conductors

Our selection criteria seek to harness the best of attractive valuations, sub-sector leaders and industry enablers.

Cloud Computing

We expect the demand for cloud storage to continue to accelerate in line with the ongoing global digitization.

Investment themes for 2023



Renewable Energy

Overweight energy and utility companies with significant investment in renewable energy.

Artificial Intelligence

With all the excitement around chatGPT, a justifiable one, we expect AI to impact multiple sectors such as finance, technology, and healthcare.

Electric Vehicles

Despite the headwinds that faced the sub-sector, EV adoption increased in 2022. This trend is expected to continue in 2023 and beyond. We focus on both pure-play EV stocks and it's "industry enablers."

Innovative Technology

The interest rate-sensitive technology sector took a serious beating in 2022 and now appears to be fairly valued. Stocks we favor in this sectors are those with a track record for innovating and generating value for shareholders.



Tips for Navigating Uncertainties



1. Stay Invested, not on the side-line

As long as you are not leveraged and forced out of a trade, you can last as long time.”

Jeff Solomon

3. Stay Diversified

“If you learn one thing as a philosophy student, it is that you are probably not right”

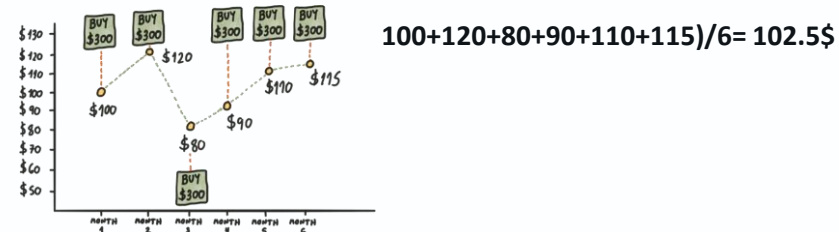
Daniel Adamson

5. Pay Attention to Company Fundamentals

“The biggest mistake in the investment business is a failure to distinguish between fundamentals and expectations”

Michael Mauboussin

2. Use dollar cost averaging



“There is a lot of good ways to invest, but ‘buy high, sell low’ is not one of them”

Sarah Williamson

4. Understand your risk threshold

“When things go bad, they can get more worse than you expect. Things can happen that don’t make sense”

Andrew Tsai



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- Private Wealth Advisory
- Financial Planning
- Ethical Investing
- Wills, Trust & Estate Planning
- Portfolio Management Advisory
- Retirement Planning
- Tax Advisory
- Separately Managed Account
- Career & Education Planning

Family Offices

- Multi-generation Wealth Planning
- Family Governance & Succession Planning
- Family Business Advisory
- Next Generation Coaching and Counseling
- Asset Protection
- Multi-Jurisdiction Tax Planning
- Private Equity Advisory
- Real Estate Advisory
- Art Management
- Banking and Debt Structure Advisory



WHO WE SERVE

□ Institutions

We aim to assist diverse institutions with strategies to make optimal investment decisions in order to reach their financial objectives. These institutions include:

- Small Businesses & Start-ups
- Foundations & Endowments
- Cooperatives & Investment Clubs
- Pension Fund Managers
- Institutional/Government Fund Managers

We support corporations by assisting them with:

- Optimal Resource Allocation
- Asset & Liability Management
- Cash Flow Optimization
- Establishing an Adequate Governance Structure.
- Model portfolios



HOW WE CAN HELP

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Q&A SESSION